PANTORO

2019 ANNUAL REPORT

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Michael Jefferies (Non-Executive Chairman)
Paul Cmrlec (Managing Director)
Scott Huffadine (Operations Director)
Kyle Edwards (Non-Executive Director)

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Perth WA 6000
Code: **PNR**

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MANAGING DIRECTOR'S LETTER

Dear Shareholders

I am pleased to provide an overview of what has been another eventful year for your company. The company's future is bright with operations at Halls Creek continuing to deliver gold production and the recent Norseman acquisition providing a large scale platform for growth.

In May 2019 Pantoro announced the acquisition of 50% of the Norseman Gold Project, and that it would be the sole manager of the unincorporated joint venture. As manager, Pantoro sets the targets and executes its desired work programs. Pantoro has focused on recommencement of operations at Norseman.

Pantoro reviewed many projects before settling on the acquisition of Norseman, and we believe that we have acquired one of the most exciting and prospective gold fields in Australia. Norseman brings a rich operating history with approximately six million ounces produced at an average grade of approximately 13 g/t Au.

Work commenced at Norseman rapidly after the transaction settled in July 2019, with drilling under way in the first week of August. Drilling results from our first program at the historic Princess Royal/ Slippers area have demonstrated the quality of the open pit resources with outstanding results returned. Ongoing drilling results from existing known resources are expected throughout the year. Mine planning, Ore Reserve estimates and production re-commencement plans are expected to follow in our first production targets.

At Halls Creek, the year has been challenging but rewarding with a number of significant advances made across the region's projects. A second underground mine was established at Wagtail North, and is now delivering into the site production profile. A small open pit cut back on Wagtail South was commenced ahead of future underground mining and ore sorting was successfully installed and commissioned. The ore sorter has demonstrated successful upgrading of ore in line with expectation following laboratory test work.

Mining at Nicolsons underground was not without its challenges during the year which is reflected in the cost profile. As is common in high grade narrow vein mines, ore grades and volumes have been variable with some areas returning less gold than expected while other zones have exceeded expectations. We continue to drill ahead of development in all of the mines at Halls Creek to ensure that planning can remain in front of mine development and outputs can be accurately predicted. Ore Reserves have been further advanced, and now extend to the 1880 level, some 420 metres below surface.

Pantoro's finances are in good shape. The company is debt free and had a cash and gold balance of $56 million at the end of the financial year.

I look forward to a productive year at both Halls Creek and Norseman.

Yours faithfully

P.M.

Paul Cmrlec
Managing Director

REVIEW OF OPERATIONS

Norseman Gold Project, Western Australia (50%)

Acquisition

Pantoro Limited announced the transformative acquisition of 50% of the world class Norseman Gold Project in May 2019. All conditions precedent to the transaction were satisfied or waived during July 2019, and completion occurred on 10 July 2019.

The acquisition was structured by Pantoro to limit upfront payment to the Vendor and to maximise project funding to support rapid development of the project.

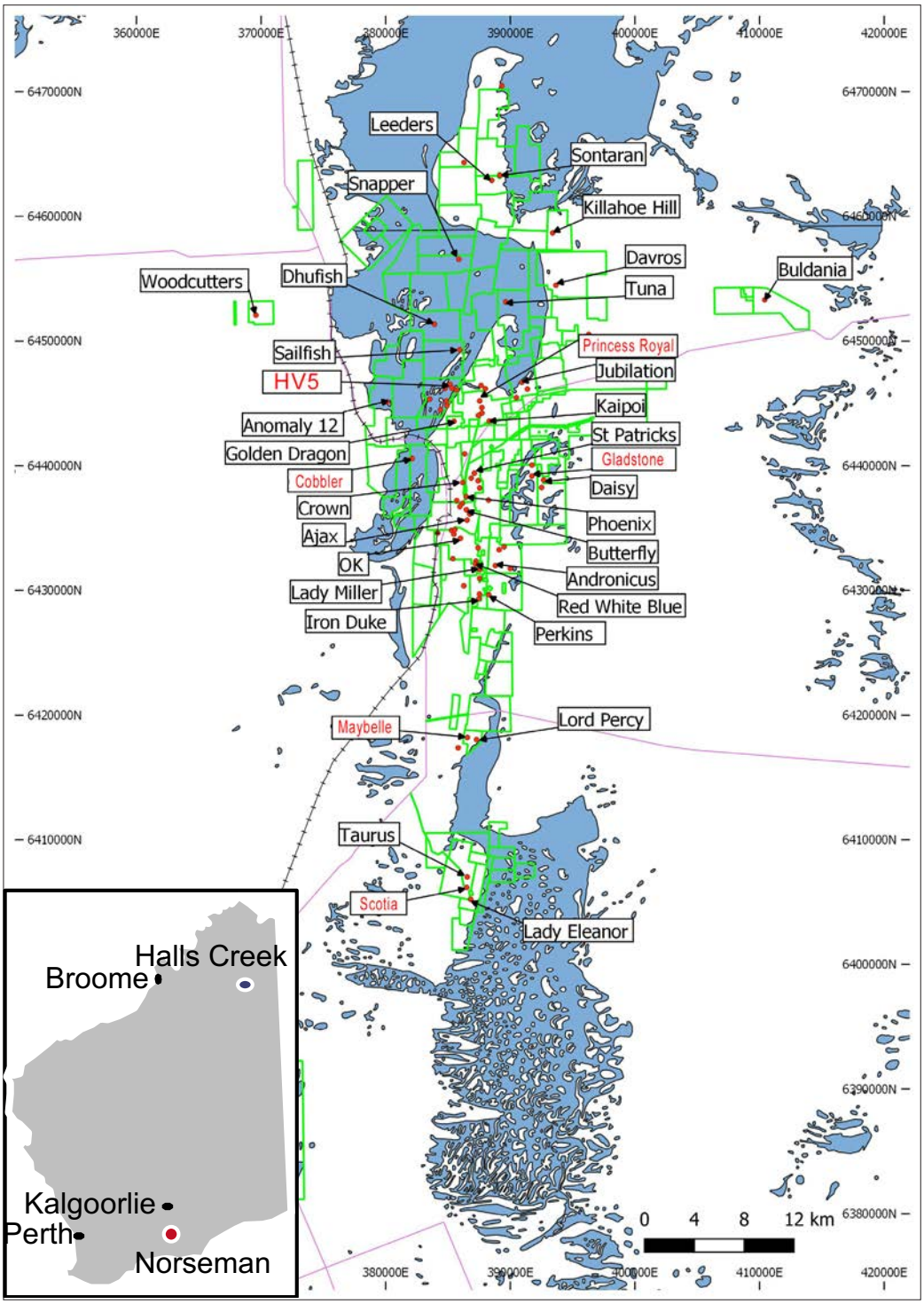
Pantoro's total consideration for the unincorporated joint venture (UJV) holding comprises:

- A$10 million in cash, with A$2.5 million deposit paid to the Vendor on signing of the binding legal document and the balance paid on Completion (Completed).
- A$20 million equivalent in Pantoro common shares issued to the Vendor at 20 cents per share. (Completed).
- Deferred cash payments to the Vendor comprising A$5 million payable 12 months after Completion and A$10 million payable 24 months after Completion (Ongoing).
- Pantoro is sole funding the first A$50 million of project expenditure (Ongoing).
- 1% Net Smelter Royalty to the Vendor on Pantoro's attributable gold and silver produced from CNGP, capped at a total of A$6 million plus a 0.0025% royalty for a period of 5 years after the first $6 million is paid (Ongoing).
- A$10 million milestone payment to the Vendor upon definition of 1.8 Moz JORC Ore Reserve (Ongoing).

Pantoro is the manager of the Unincorporated Joint Venture.

About the Norseman Gold Project

The Norseman Gold Project is located in the Eastern Goldfields of Western Australia, at the southern end of the highly productive Norseman-Wiluna greenstone belt. The project lies approximately 725 km east of Perth, 200 km south of Kalgoorlie, and 200 km north of Esperance.



The current Mineral Resource is 4.4 million ounces of gold. Many of the Mineral Resources defined to date remain open along strike and at depth, and many of the Mineral Resources have only been tested to shallow depths. Mineral Resources have been estimated by Independent Expert HGS Australia Exploration Services. Pantoro will systematically update Mineral Resources as additional data from drilling becomes available. In addition, there are numerous anomalies and mineralisation occurrences which are yet to be tested adequately to be placed into Mineral Resources, with a number of highly prospective targets already identified.

The project comprises 146 near-contiguous mining tenements, most of which are pre-1994 Mining Leases which are free of native title. The tenure extends approximately 70 lineal kilometres of the highly prospective Norseman – Wiluna greenstone belt covering more than 1,000 square kilometres.

Pantoro will immediately focus on establishing a clear production development plan, and execution of that plan. The aim will be to initially establish operations supporting production of 100,000 ounces per annum, expanding to 200,000 ounces per annum during the following years.

Historically, the Norseman Gold Project areas have produced 6 million ounces of gold since operations began in 1935, and is one of, if not the highest grade fields within the Yilgarn Craton.

The project is serviced by first class infrastructure at the project, local shire, and national infrastructure levels. Infrastructure includes:

Project

- Operational power station which services the project and the town of Norseman;
- Operational site laboratory;
- Extensive road infrastructure, including a number of sealed roads;
- Accommodation camp (ownership retained by the Vendor but available for use by the joint venture at market rates);
- Office and workshop infrastructure;
- 720,000 tonnes per annum processing plant last operated in 2016, but requiring major repair and refurbishment; and
- Extensive critical spares, fixed underground mining plant and equipment and mobile equipment.

Local Infrastructure

- Sealed airstrip;
- Hospital;
- Scheme water;
- Town services such as a hotel, road house and extensive housing; and
- Supportive, mining orientated local community.

Norseman Gold Project Forward Work Program

Pantoro is focused on advancing key projects to mine ready status in the soonest possible time. Initial areas of focus for near term production include:

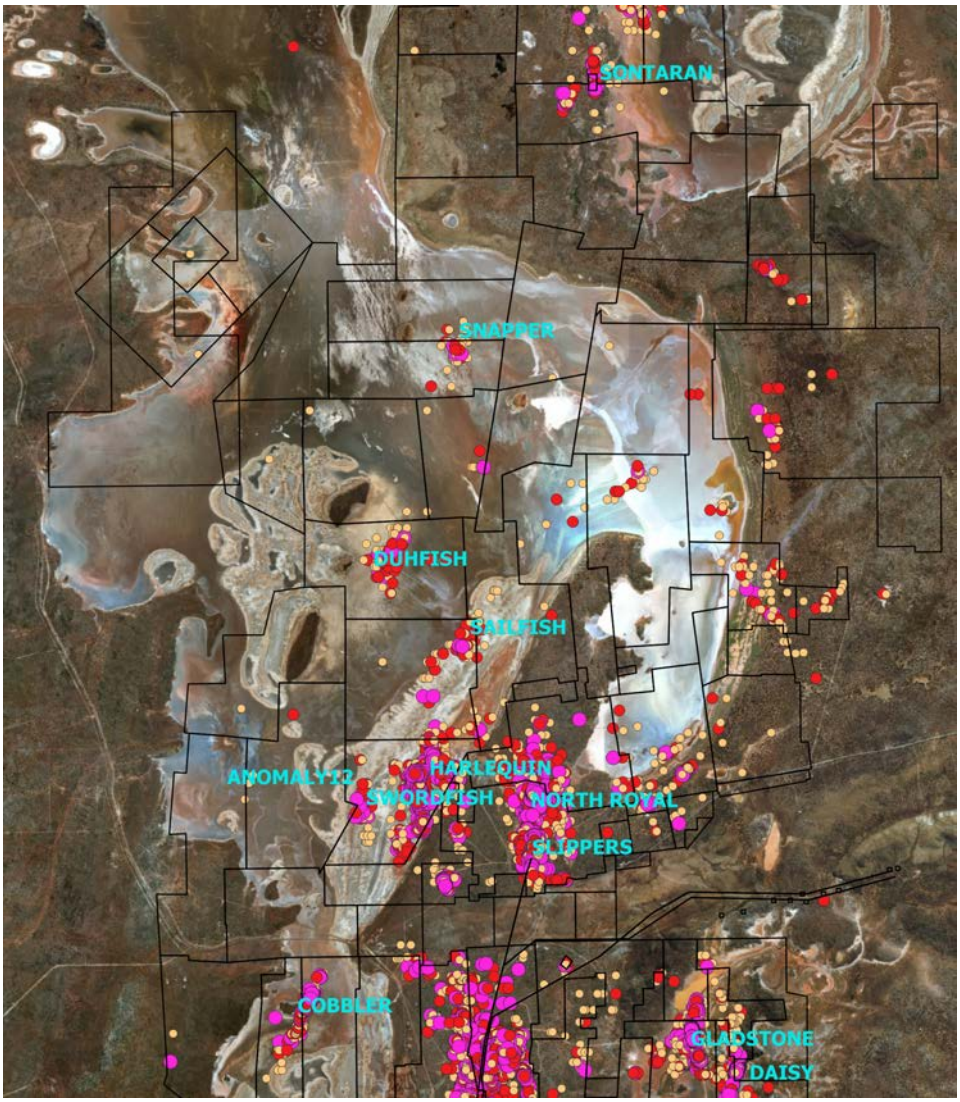
- Gladstone-Everlasting (Open Pit)
- Scotia (Open Pit/Underground)
- Cobbler (Open Pit)
- Princess Royal/Slippers and (Open Pit)
- HV5 (Open Pit)
- OK (Underground)

In addition, Pantoro intends to advance key greenfield exploration targets focused on under-explored zones on Lake Cowan and Lake Dundas, as well as the Polar Bear Peninsula. Several small Mineral Resources with minimal drilling exist in the areas, however no systematic exploration of the areas has occurred since the early 1990's. Initial target zones are advanced exploration targets and generally include extensive geophysical and geochemical targeting as well as diamond drilling in some cases.

The initial focus areas for exploration review include the following prospects located on and around Lake Cowan:

- Dhufish;
- Snapper;
- Sail Fish;
- Swordfish
- Anomaly 12; and
- Sontaran.

Figure 1 - Drilling at Gladstone-Everlasting



The initial work program intended to be undertaken during the next annual reporting period includes:

- Drilling approximately 40,000 metres in initial drilling programs with follow up drilling as required. Drilling is underway with initial results from the Slippers area reported to the ASX on 9 September 2019 in a release titled "Successful Start to Norseman Drilling Campaign";
- Resource modelling, open pit optimization and mine design;
- Statutory approvals required for recommencement of mining and operations;
- Process plant review and feasibility options analysis;
- Structural and geophysical review of lake exploration targets in advance of drilling; and
- Re-accessing OK mine for underground drilling ahead of recommencement of mining.

The primary work focus is to establish Ore Reserves and project planning over multiple mining centres ahead of the recommencement of operations.

REVIEW OF OPERATIONS (CONTINUED)

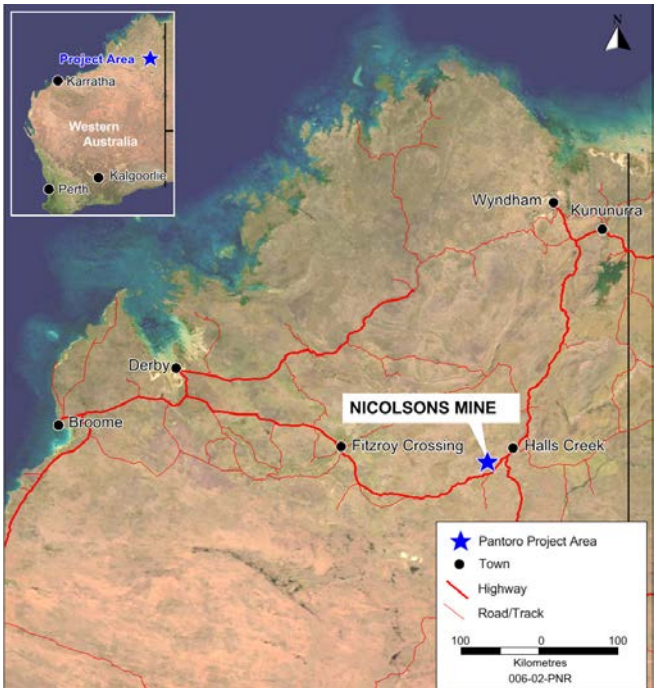
Halls Creek Project, Western Australia (100%)

The Halls Creek Project includes the Nicolsons Mine, (45 km south west of Halls Creek) and a pipeline of exploration and development prospects located east of Halls Creek in the Kimberley Region of Western Australia.

Pantoro acquired its initial interest in the project during April 2014, and took possession of the site in May 2014 enacting its development plan for the project. First gold was poured in September 2015.

The project currently has a Mineral Resource estimate of 1.6 million tonnes at 7.5 g/t Au containing approximately 394,000 ounces of gold. The Ore Reserve estimate is 0.84 million tonnes at 6.6 g/t Au containing approximately 179,000 ounces of gold.

Nicolsons Mine is well located, only 8 km from the Great Northern Highway, a fully sealed transport corridor connecting Perth and Darwin. The mine is only 45 km from the town of Halls Creek, where extensive services, including camp accommodation and a sealed airstrip are utilised by the Company.



Halls Creek Project Location

Operating Results

Operating results at Halls Creek were impacted by several factors during the year resulting in lower production than the previous period. The completion of open pit mining at Wagtail during the previous year, and exhaustion of high grade open pit stockpiles led to low grade material being processed in conjunction with Nicolsons ore during the period ahead of increased ore supply from the Wagtail North underground. Ore sorting of the low grade material improved mill feed grades, and demonstrated the potential for production increases when more high grade ore feed is available.

Nicolsons mine also presented a number of challenges with changes to the Anderson Lode plunge and dip at depth presenting challenges in the first half of the year, and variability in the orebody increasing with depth.

Extensive investment was made to expand operations at Halls Creek with the second underground mine at Wagtail North commenced. Multiple surface raises, TSF lifts, and an open pit cut back at Wagtail South were also undertaken. All of the additional capital activity is expected to bear fruit over the coming years.

Key production and cost data from the operations during the past year are set out in the table below.

	FY 2019			
Physical Summary	**Q1**	**Q2**	**Q3**	**Q4**
UG Ore Mined	60,324	71,301	58,008	56,602
UG Grade Mined	5.06	6.44	6.77	5.64
OP BCM Mined	-	-	42,147	222,095
OP Ore Mined	-	-	160	3,091
OP Grade Mined	-	-	5.12	5.18
Ore Processed	54,365	53,309	50,370	55,801
Head Grade	5.75	7.87	7.50	5.96
Recovery	94.7%	93.7%	92.8%	89.5%
Gold Produced	9,525	12,657	11,280	9,557
Cost Summary ($/oz)				
Production costs	$1,527	$1,018	$1,054	$1,389
Stockpile Adjustments	$31	-$21	-$23	$52
C1 Cash Cost	**$1,559**	**$998**	**$1,031**	**$1,440**
Royalties	$33	$41	$47	$51
Marketing/Cost of sales	$6	$4	$5	$5
Sustaining Capital	$236	$88	$125	$164
Corporate Costs	$12	$10	$9	$9
All-in Sustaining Costs	**$1,845**	**$1,140**	**$1,217**	**$1,670**
Major Project Capital	$3.00M	$2.86M	$3.98M	$7.42M
Exploration Cost	$1.81M	$1.02M	$0.46M	$1.18M
Project Capital	**$4.81M**	**$3.88M**	**$4.39M**	**$8.60M**

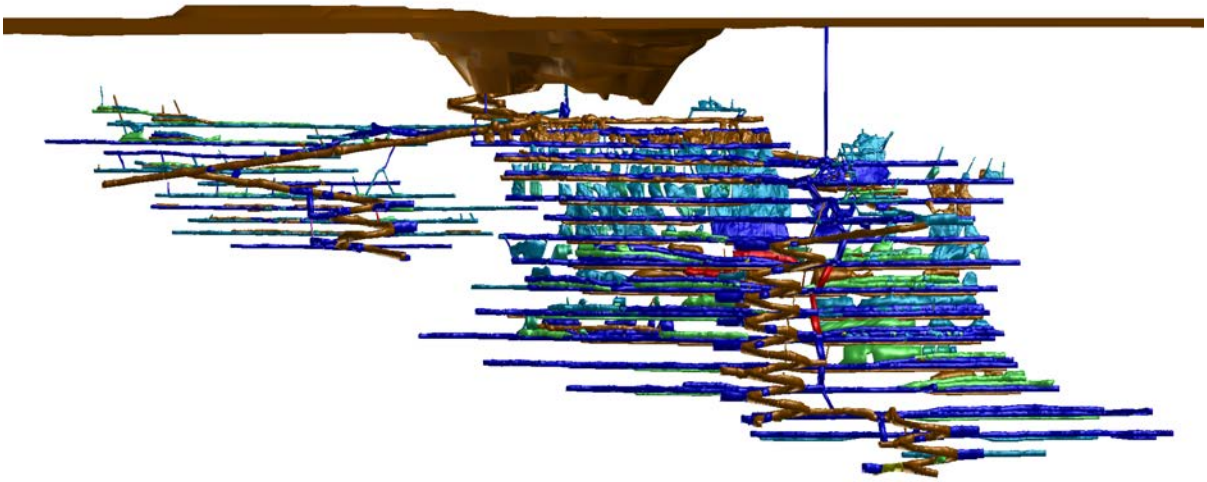
Nicolsons Underground Mine

Nicolsons underground mine is located adjacent to the Nicolsons processing plant and has continued to be the cornerstone of production at the operation. Development has progressed to approximately 380 metres below surface at the time of reporting.

Ore was primarily mined from the Johnston and Anderson Lodes during the period. In the Anderson Lode, Pantoro modified mining methods during the period in response to ground related issues reported in the first quarter of the financial year. The modified method utilises a combination of mechanized cut and fill, and uphole benching. Drilling at depth has confirmed ongoing high grade results at depth in the Anderson Lode with the Ore Reserve currently extending to approximately 420m below surface. The Inferred Resource currently extends to approximately 500m below surface. As the mine has progressed, ore zones have plunged towards the North, and capital mine infrastructure is being transitioned towards the core of the high grade zone.

Pantoro continues to apply significant in-mine exploration expenditure at Nicolsons with a view to continually replacing mine depletion and growing Mineral Resources and Ore Reserves. Exploration programs during the coming year will continue to focus on near term mining opportunities.

At the present time, it is expected that both production and development activities will be ongoing throughout the year at Nicolsons.

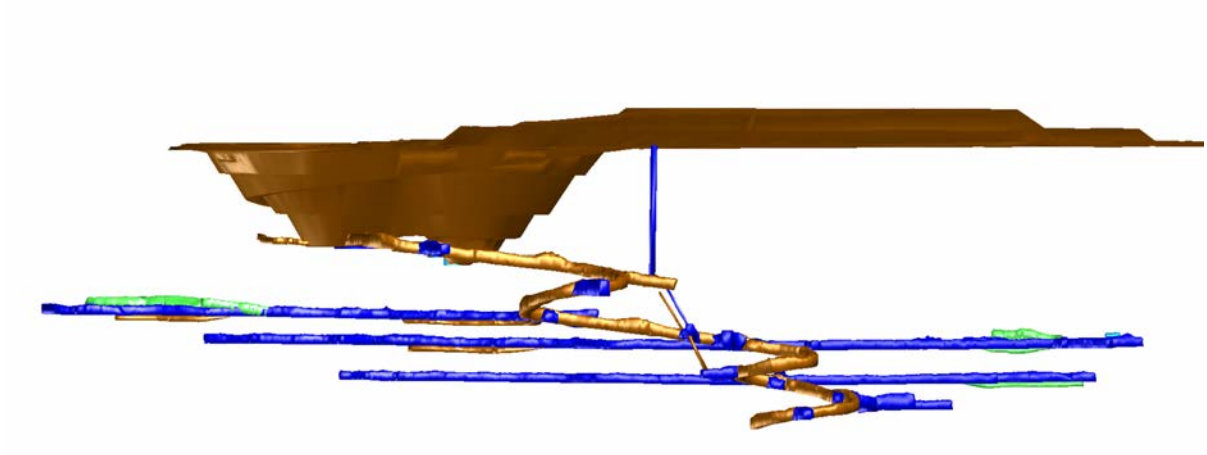


Wagtail North Underground Mine

Underground mining at Wagtail commenced in June 2018, and has progressed substantially during the year. The underground decline portal was established in the southern end of Wagtail North pit, and development currently accesses the Wagtail north and Rowdies ore bodies.

The first ore level was established on the 2200 level, and the decline has now progress to the 2155 Level, providing four level access points. While ore development has advanced slightly behind schedule, ore has now been developed along the entire strike length of the Wagtail North and Rowdies Ore Reserves, and gold mined to date has marginally exceeded Ore Reserve expectations.

Increased production from Wagtail North is expected as the number of ore development faces and production fronts increase throughout the coming year. Development and production activities are expected to continue throughout the coming year.



Wagtail South

Pantoro commenced an open pit expansion at Wagtail South in March 2019. The decision to undertake additional open pit mining at Wagtail South was primarily driven by the definition of additional ore through development of small adits in the open pit wall. The adits demonstrated continuity of ore to the north of the previous final pit. Coupled with the increased gold price, the additional ore allowed the open pit to be mined approximately 25m deeper on the Eastern side of the pit.

Development of the open pit has progressed in line with plan during the period, and completion is expected to be achieved in early in December 2019. The majority of the ore is planned to be mined during the September – December 2019 period in accordance with the mine plan.

An underground mine is already approved at Wagtail South. The operations team is currently assessing the access approach to Wagtail South following the open pit expansion, with a new portal and underground access from Wagtail North both possible.

Regional Exploration

Pantoro Holds a dominant position in the Halls Creek Region with tenement holdings across the majority of the historical gold production areas and the only processing plant within 300 kilometres. There is no other commercial scale gold processing facilities in the Kimberley Region of Western Australia.

The current tenement package consists of the Nicolsons Project, the Grants Creek Project and the Mary River Project. Nicolsons is the only project currently in the production phase, however a small Mineral Resource has now been estimated at the Perseverance and Star of Kimberly deposits at Grants Creek. Review of current drill results is underway and additional work to expand Mineral Resources in the area is currently underway. The best results at Grants Creek include:

- 5 m @ 9.25 g/t Au from 38 m.
- 3 m @7.55 g/t Au from 12 m.
- 3 m @ 7.79 g/t Au from 62 m.
- 2 m @ 11.04 g/t Au from 46 m.
- 2 m @ 6.53 g/t Au from 24 m.

At Mary River, drilling is planned to follow up on initial drilling programs completed in the previous period which included:

- 31.65 m @ 1.78 g/t Au inc. 12.95 m @ 1.88 g/t from 35 m and 10.7 m @ 2.56 g/t from 53.3 m.
- 8 m @ 1.2 g/t Au.
- 8 m @ 1.65 g/t Au (hole ended in mineralisation).

Refer to ASX announcement on 7 August 2018 titled "Initial Results from Mary River Gold Project".

Pantoro has secured WA Government co-funding for a proposed program which is focused on testing mineralisation along the northern extent of the 17km strike length defined by historical workings during the 1880's. The drilling will be undertaken in stages throughout the year, with programs being prioritized between Nicolsons, Grants Creek and Mary River.

At Nicolsons, Pantoro completed a site wide grid based soil sampling program during the period. The program identified a number of anomalous areas for additional follow up. Two blind anomalies are planned to be drilled during the coming period on EL80/2601. Other exploration work planned at Nicolsons during the year will be focused on infill drilling known prospects with a view to adding to Mineral Resources and Ore Reserves. Focus areas include Nicolsons South, Edison, Paddock Well and Western Reef.

Papua New Guinea (PNG)

Pantoro continues to hold the Garaina Project in PNG through its wholly owned subsidiary Pacific Niugini Minerals (PNG) Limited. Due to Pantoro's growth in Australia, Pantoro has not been active in PNG during the period and continues to pursue options for divestment of the Project and/or subsidiary company.

Corporate

Share Issues and Corporate Structure

Pantoro conducted two capital raises during the year, in September 2018 and May 2019. The September 2018 capital raise to fund expansion development at Halls Creek was completed as a private placement to sophisticated and professional investors with a share purchase plan for existing investors. A total of 68,525,000 Ordinary Shares were issued raising $13,705,000 before costs at an issue price of 20 cents per share.

In May 2019, Pantoro announced the acquisition of 50% of the Norseman Gold Project from Central Norseman Gold Corporation, and advised of a $43 million placement at the same time. The placement to international and domestic sophisticated and professional investors was completed at an issue price of 20 cents per share. Funds raised in the issue were partly utilised to fund the acquisition and will be used to fund work programs during the coming year.

500,000 employee performance rights vested and Ordinary Shares issued during the period. In addition 2,355,000 employee options were exercised raising an additional $245,700.

Subsequent to the end of the period, Pantoro issued 100,000,000 Ordinary Shares on 10 July 2019 as part of the settlement of the 50% acquisition of the Norseman Gold Project.

The capital structure of the company at 30 June 2019 is shown in the table below:

Ordinary Shares (PNR)	1,075,943,929
Unlisted Employee Options	21,000,000 (various conversions and expiry dates)*
Unlisted Employee Performance Rights	2,000,000 (various hurdles expiring 29 Nov 19)

* Includes 7,000,000 director options issued on 4 July 2019 due to service commencement date being 30 May 2019 for recognition of share based payments.

Gold Forward Contracts

Pantoro maintains a number of gold forward contracts to offset gold price risk set out in the table below.

As at 30 June 2019	Ounces	Delivery	Average Delivery Price per ounce
Gold Forward	4,000.00	Jul 19 – Oct 19	$1,707.00
Gold Forward	4,000.00	Jul 19 – Oct 19	$1,756.00
Gold Forward	6,000.00	Nov 19 – Apr 20	$1,780.00
Gold Forward	6,000.00	Nov 19 – Apr 20	$1,820.00

As at 25 September 2019	Ounces	Delivery	Average Delivery Price per ounce
Gold Forward	2,000.00	Sep 19 – Oct 19	$1,707.00
Gold Forward	2,000.00	Sep 19 – Oct 19	$1,756.00
Gold Forward	6,000.00	Nov 19 – Apr 20	$1,780.00
Gold Forward	6,000.00	Nov 19 – Apr 20	$1,820.00

Liquidity

Cash on hand at 30 June 2019 was $53,696,188 (2018: $11,758,532). As at 30 June 2019, the site gold inventory, cash and gold on hand was $56 million (refer to June 2019 quarterly report, released to the ASX on 29 July 2019).

MINERAL RESOURCES & ORE RESERVES

Pantoro holds 100% of the Halls Creek Project. The total Mineral Resources and Ore Reserves for the Halls Creek Project were calculated as at 31 May 2019 and announced on 27 September 2019. The Mineral Resources and Ore Reserves have been rounded for reporting and are set out below.

Halls Creek Mineral Resources

	Measured			Indicated			Inferred			Total		
	kT	Grade	kOz	kT	Grade	kOz	kT	Grade	kOz	kT	Grade	kOz
Nicolsons Underground	146	15.9	75	239	9.4	72	91	10.4	31	476	11.6	177
Nicolsons Open Pits	64	10.5	22	146	5.0	23	46	4.5	7	256	6.3	51
Wagtail	-	-	-	494	7.4	118	126	6.7	27	620	7.3	145
Grants Creek	-	-	-	-	-	-	179	2.4	14	179	2.4	14
Low Grade Stockpiles	100	1.9	6	-	-	-	-	-	-	100	1.9	6
Total	**310**	**10.3**	**102**	**879**	**7.5**	**213**	**442**	**5.5**	**78**	**1,631**	**7.5**	**394**

Notes: Nicolsons Underground (2.5 g/t cut off grade applied).

Nicolsons Open Pits (0.6 g/t cut off grade applied).

Wagtail includes the Rowdies deposit.

Grants Creek includes Perserverance and Star of Kimberly (1.0 g/t cut off grade applied).

Halls Creek Ore Reserves

	Proven			Probable			Total		
	kT	Grade	kOz	kT	Grade	kOz	kT	Grade	kOz
Nicolsons Underground	149	9.0	43	162	7.7	40	311	8.3	83
Nicolsons Open Pits	31	12.4	12	23	8.4	6	54	10.7	19
Wagtail (inc. Rowdies)	-	-	-	379	5.9	72	379	5.9	72
Low Grade Stockpiles	100	1.9	6	-	-	-	100	1.9	6
Total	**280**	**6.8**	**61**	**564**	**6.5**	**118**	**844**	**6.6**	**179**

MINERAL RESOURCES & ORE RESERVES (CONTINUED)

Norseman Gold Project Mineral Resources

Pantoro holds 50% of the Norseman Gold Project. The total Mineral Resources or the Norseman Gold Project were calculated as at January 2019 and announced on 9 September 2019. The Mineral Resources have been rounded for reporting and are set out below.

Underground			
Category	**Tonnes (M)**	**Grade (g/t)**	**Contained Au (Moz)**
Measured	0.3	13.9	0.13
Indicated	1.34	17.86	0.77
Inferred	2.53	14.06	1.15
Total	**4.17**	**15.27**	**2.05**

Surface			
Category	**Tonnes (M)**	**Grade (g/t)**	**Contained Au (Moz)**
Measured	4.31	0.8	0.11
Indicated	11.37	2.02	0.74
Inferred	15.68	3.5	1.34
Total	**31.35**	**2.34**	**2.36**

Total			
Category	**Tonnes (M)**	**Grade (g/t)**	**Contained Au (Moz)**
Measured	4.6	1.64	0.24
Indicated	12.71	3.69	1.51
Inferred	18.21	4.24	2.48
Total	**35.51**	**3.86**	**4.41**

Norseman Underground Resources January 2019												
	Measured			Indicated			Inferred			Total		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
Mainfield Area												
Ajax	15,000	13	6,270	30,000	13	12,540	39,000	13	16,302	84,000	13	35,112
Bullen - Marora Shoots 1 and 2							91,883	16.86	49,808	91,883	16.86	49,808
Bullen - Mararoa (Phoenix)				56,000	24.99	45,000				56,000	24.99	45,000
Bullen - Mararoa (Regent)				20,900	10.57	7,100				20,900	10.57	7,100
Bullen - O'Briens Reef (CHWS)				5,315	15.31	2,617	35,456	26.9	30,660	40,771	25.39	33,277
Bullen - St Patricks (incl Norseman Reef)	3,000	20.74	2,000	43,000	15.91	22,000	39,000	19.14	24,000	85,000	17.56	48,000
Butterfly Deeps							56,340	16.72	30,295	56,340	16.72	30,295
Crown Reef (Pillars and Remnants)	252,000	14.5	117,491	144,000	11.45	53,000	230,000	12.44	92,000	626,000	13.04	262,491
OK - O2, O3 & O4				107,141	17.44	60,084	52,748	16.2	27,466	159,889	17.03	87,550
OK - Remnants	25,000	7.59	6,100	24,000	6.35	4,900				49,000	6.98	11,000
OK - Star Of Erin				52,793	23.45	39,803	92,821	22.49	67,112	145,614	22.84	106,915
Racetrack X-Link							124,571	11.15	44,666	124,571	11.15	44,666
Total Mainfield	**295,000**	**13.9**	**131,861**	**483,149**	**15.9**	**247,044**	**761,819**	**15.61**	**382,309**	**1,539,968**	**15.37**	**761,214**
North Royal												
N Royal/Slippers >200m							11,225	7.98	2,878	11,225	7.98	2,878
North Royal - Tiara				131,356	26.86	113,432	648,264	15.57	324,519	779,620	17.47	437,951
North Royal - Renegade							536,207	12.29	211,935	536,207	12.29	211,935
Total North Royal				131,356	26.86	113,432	1,195,696	14.03	539,332	1,327,052	15.3	652,764
Harlequin												
Harlequin East - Model2				91,095	29.57	86,593	82,652	13.69	36,383	173,747	22.01	122,976
Harlequin West - Model 3				479,947	16.86	260,116	66,935	7.73	16,645	546,882	15.74	276,761
Harlequin South (Model 4)							33,733	17.97	19,487	33,733	17.97	19,487
Total Harlequin				571,042	18.88	346,709	183,320	12.3	72,515	754,362	17.29	419,224

MINERAL RESOURCES & ORE RESERVES (CONTINUED)

Norseman Underground Resources January 2019												
	Measured			Indicated			Inferred			Total		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
Scotia												
Scotia				60,803	15.58	30,454	58,560	15.04	28,315	119,363	15.31	58,769
Taurus				91,328	10.39	30,513	335,471	11.47	123,689	426,797	11.24	154,202
Total Scotia				152,131	12.46	60,967	394,031	12	152,004	546,160	12.13	212,971

Norseman Surface Resources January 2019 – South of Jimberlana Dyke												
	Measured			Indicated			Inferred			Total		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
Mainfield Area												
Ground Lark							70,000	2.8	6,300	70,000	2.8	6,300
Maloneys Reef							109,000	1.71	6,000	109,000	1.71	6,000
St Patricks Norseman Reef							293,000	2.65	25,000	293,000	2.65	25,000
Venture HW Reef							456,000	2.8	41,000	456,000	2.8	41,000
St Patricks X-Link							414,000	3.46	46,000	414,000	3.46	46,000
Mararoa Regent North							1,176,000	7.93	300,000	1,176,000	7.93	300,000
Bluebird Shear							149,000	6.26	30,000	149,000	6.26	30,000
Phoenix Crown Pillar							226,000	6.74	49,000	226,000	6.74	49,000
Butterfly Crown Pillar							292,000	3.94	37,000	292,000	3.94	37,000
Pascoe X-Link							330,000	10.84	115,000	330,000	10.84	115,000
Star of Erin East							97,000	7.05	22,000	97,000	7.05	22,000
Mount Barker							269,000	1.87	16,200	269,000	1.87	16,200
Total Mainfield Area							**3,881,000**	**5.56**	**693,500**	**3,881,000**	**5.56**	**693,500**

Norseman Surface Resources January 2019 – South of Jimberlana Dyke												
	Measured			Indicated			Inferred			Total		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
Mainfield East - Penneshaw												
Gladstone-Everlasting				1,165,000	2.59	97,000	1,536,000	3.14	155,000	2,701,000	2.9	252,000
Daisy South				129,600	3.5	14,600	10,700	3.2	1,100	140,300	3.48	15,700
Total Mainfield East - Penneshaw				**1,294,600**	**2.68**	**111,600**	**1,546,700**	**3.14**	**156,100**	**2,841,300**	**2.93**	**267,700**
Noganyer												
Andronicus							3,342,000	1.32	141,400	3,342,000	1.32	141,400
Lady Miller				702,000	2.08	47,000	309,000	1.71	17,000	1,011,000	1.97	64,000
Perkins	140,135	2.27	10,246	2,301,651	1.14	84,241	945,890	1.85	56,215	3,387,676	1.38	150,702
Lord Percy							573,000	2.88	53,000	573,000	2.88	53,000
Maybell				1,198,551	1.8	69,402	24,006	0.71	547	1,222,557	1.78	69,949
Total Noganyer	**140,135**	**2.27**	**10,246**	**4,202,202**	**1.49**	**200,643**	**5,193,896**	**1.61**	**268,162**	**9,536,233**	**1.56**	**479,051**
Scotia												
Scotia				886,000	4.09	116,400	457,000	3.56	52,300	1,343,000	3.91	168,700
Lady Eleanor							282,000	2.14	19,400	282,000	2.14	19,400
Freegift							254,000	1.53	12,500	254,000	1.53	12,500
Total Scotia				886,000	4.09	116,400	993,000	2.64	84,200	1,879,000	3.32	200,600

MINERAL RESOURCES & ORE RESERVES (CONTINUED)

Surface Resources January 2019 – North of Jimberlana Dyke												
	Measured			Indicated			Inferred			Total		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
North Royal												
Slippers N Royal Paleochannels				427,746	1.17	16,133	79,909	1.74	4,477	507,655	1.26	20,611
N Royal Grade Control				56,344	3.87	7,010	2,573	9.55	790	58,917	4.12	7,800
Slippers <200mRL				300,637	3.35	32,335	247,131	2.77	21,975	547,768	3.08	54,310
North Royal <200mRL				71,905	1.61	3,729	272,086	3.35	29,267	343,991	2.98	32,996
Golden Dragon				174,000	4.83	27,000	122,000	3.57	14,000	277,000	4.53	40,300
Kaipoi							92,000	1.89	5,600	92,000	1.89	5,600
Total North Royal				**1,030,632**	**2.6**	**86,208**	**815,699**	**2.9**	**76,109**	**1,827,331**	**2.75**	**161,617**
Harlequin												
Harlequin Top 200m				450,689	3.7	53,620	688,486	3.4	75,307	1,139,175	3.52	128,927
Total Harlequin				**450,689**	**3.7**	**53,620**	**688,486**	**3.4**	**75,307**	**1,139,175**	**3.52**	**128,927**
Lake Cowan												
Cobbler				2,415,000	1.53	119,000	1,102,000	1.55	55,000	3,518,000	1.55	175,000
Dhufish							456,000	3.21	47,000	456,000	3.21	47,000
Total Lake Cowan				**2,415,000**	**1.53**	**119,000**	**1,558,000**	**2.04**	**102,000**	**3,974,000**	**1.74**	**222,000**
Polar Bear												
Sontaran							259,000	2.21	18,400	259,000	2.21	18,400
Total Polar Bear							**259,000**	**2.21**	**18,400**	**259,000**	**2.21**	**18,400**
Buldania												
Buldania				1,095,000	1.44	50,600	743,000	1.63	39,000	1,844,000	1.51	89,800
Total Buldania				**1,095,000**	**1.44**	**50,600**	**743,000**	**1.63**	**39,000**	**1,844,000**	**1.51**	**89,800**

Surface Resources January 2019 – North of Jimberlana Dyke												
	Measured			Indicated			Inferred			Total		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
Surface Stockpiles												
Phoenix Tails	4,165,000	0.75	100,000							4,165,000	0.75	100,000
Total Surface Stockpiles	**4,165,000**	**0.75**	**100,000**							**4,165,000**	**0.75**	**100,000**

Annual Update of Mineral Resource & Ore Reserves

On 27 September 2019 Pantoro released the results of its annual update of Mineral Resources & Mineral Reserves. Key results of the annual review of the Halls Creek Mineral Resources and Ore Reserves were:

- The total Halls Creek Project Mineral Resource now stands at 1,631 million tonnes @ 7.5 g/t for 394,000 ounces, maintaining the inventory in line with the previous years result after mining depletion and pillar sterilisation.
- The total Ore Reserve now stands at 844,000 tonnes @ 6.59 g/t for 179,000 ounces, an 18 % decrease after mining depletion and pillar sterilisation.
- The Nicolsons Ore Reserve has been extended to 420 metres below surface, with the Inferred Mineral Resource extending to approximately 500 metres below surface. Drilling has continued to return high grade results down plunge to 500 metres depth, indicating strong potential for ongoing Ore Reserve updates as development and drilling at the mine progress deeper.
- Maiden Inferred Mineral Resource for Perseverance and Star of Kimberley deposits at Grants Creek of 179,000 tonnes @ 2.4 g/t for 14,000 ounces. Additional drilling to continue growth of Mineral Resources is planned for Grants Creek.
- Changes to the Mineral Resource include depletion in the normal course of mining and resource additions through drilling and development undertaken during the year.
- In mine, near mine and regional exploration and resource development drilling is ongoing at Nicolsons, Grants Creek and Mary River. This work will continue to focus on growth of the Mineral Resource and Ore Reserve inventory to be mined during the coming years.
- Pantoro acquired the Norseman Project after 30 June 2019 and so no annual review of the Norseman Project Mineral Resource has been undertaken this year.

Material Changes since 31 May 2019

Between 31 May 2019 and 30 June 2019 there have been no material changes in the Mineral Resources or Ore Reserves except for mining depletion in the usual course of business.

Governance Arrangements and Internal Controls

Pantoro ensures that the Mineral Resource and Ore Reserve estimates quoted are subject to governance arrangements and internal controls activated at a site level and at the corporate level. Internal reviews of Mineral Resource and Ore Reserve estimation procedures and results are carried out by the Managing Director and Operations Director. These reviews have not identified any material issues.

The Operations Director is responsible for monitoring the planning, prioritisation and progress of exploratory and resource definition drilling programs across the Company and the estimation and reporting of resources and reserves

Pantoro reports its Mineral Resources and Ore Reserves on an annual basis in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) 2012 Edition. Mineral Resources are quoted inclusive of Ore Reserves. Competent Persons named by Pantoro are Members or Fellows of the Australasian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists, and qualify as Competent Persons as defined in the JORC Code.

Compliance Statements

Halls Creek Project – Exploration Targets, Exploration Results

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Scott Huffadine (B.Sc. (Hons)), a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Huffadine is a Director and full time employee of the company. Mr Huffadine is eligible to participate in short and long term incentive plans of and holds shares, options and performance rights in the Company as has been previously disclosed. Mr Huffadine has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Huffadine consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Halls Creek Project - Mineral Resources & Ore Reserves

The information relating to Mineral Resources and Ore Reserves is extracted from a report entitled 'Halls Creek Project Mineral Resource and Ore Reserve Update ' created on 27 September 209 and available to view on Pantoro's website (www.pantoro.com.au). The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Norseman Project - Mineral Resources & Ore Reserves

The information relating to Mineral Resources and Ore Reserves is extracted from a report entitled 'Successful Start to Norseman Drilling Campaign ' created on 9 September 209 and available to view on Pantoro's website (www.pantoro.com.au). The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

DIRECTORS' REPORT

Your directors present their report on the company, being Pantoro Limited ("the Company") and its controlled entities ("the Group") for the financial year ended 30 June 2019.

DIRECTORS

The names of the directors in office and at any time during or since the end of the financial year are as follows. Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Names, qualifications, experience and special responsibilities

Mr Michael Jefferies BCom, CA – Non-Executive Chairman
Mr Jefferies has extensive experience in finance and investment, including 20 years as an executive at Guinness Peat Group plc. Michael is a non-executive director of Resimac Group Limited and Ozgrowth Limited. He was formerly a director of a number of financial services companies including Australian Wealth Management Limited, Tower Australia Limited, Clearview Wealth Limited and Afterpay Touch Group Limited. Michael was also formerly a director of a number of resources companies.

During the past three years he has served as a director of the following public listed companies:

- Afterpay Touch Group Limited (resigned 16 January 2018)
- Ozgrowth Limited*
- Resimac Group Limited (formerly Homeloans Limited)*

(* Denotes current directorship).

Mr Paul Cmrlec BEng (Mining), Honours – Managing Director
Mr Cmrlec is a qualified mining engineer with over 20 years of experience. He has worked in numerous production, planning and corporate roles during his career and has worked in both executive and non-executive board positions for a number of mining and exploration companies.

He has held senior operational and or corporate positions within a range of companies including Metals X Limited, Harmony Gold, and Anglo Gold Ashanti, and has been the Managing Director of Pantoro since 2011.

Paul has a project development and operations focus, and has been integral in transitioning Pantoro Limited from exploration company to active producer. He was the key company driver behind the recent acquisition of 50% of the Norseman Gold Project.

During the past three years he has served as a director of the following public listed companies:

- Metals X Limited (Resigned 5 October 2016).

Mr Scott Huffadine BSc., Honours – Operations Director
Mr Huffadine is a geologist with more than 25 years' experience in the resource industry, specifically project management, geology and executive management. Mr Huffadine has held several key management positions ranging from operational start-ups involving open pit and underground mining projects, through to large integrated operations in gold and base metals. He was previously Managing Director of Kingsrose Mining Limited, an Executive Director of Metals X Limited and Managing Director of Westgold Resources Limited.

Mr Huffadine has not held any other public company directorships in the past three years.

Mr Kyle Edwards BArts/Law – Non-Executive Director
Mr Edwards is a corporate and resources lawyer and a Director at EMK Lawyers (a Western Australian based corporate and resources law firm). Mr Edwards graduated from the University of Notre Dame Fremantle with a bachelor of Arts (Politics)/Law in 2008.

Mr Edwards' has over 10 years' experience as a lawyer with a particular focus on mining and resources law, mergers and acquisitions, capital markets and native title law.

Mr Edwards has not held any other public company directorships in the past three years.

INTEREST IN SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the Directors in the shares and options of Pantoro Limited were:

Director	Full Paid Ordinary Shares	Options
Paul Cmrlec	7,448,992	9,000,000
Kyle Edwards	75,000	1,000,000
Scott Huffadine	2,725,962	9,000,000
Michael Jefferies	432,820	-

COMPANY SECRETARY

Mr David Okeby

Mr Okeby has extensive legal, contractual, administrative and corporate experience in the mining industry. Mr Okeby brings skills in governance, stakeholder relations and corporate activities including mergers, acquisitions and divestments to the Company.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year was gold mining, processing and exploration at the Halls Creek project in Western Australia.

OPERATING RESULTS

The Group had a challenging year with development of a second underground mine and further improvements to the processing plant at Halls Creek. A higher gold price achieved this year helped to improve revenue during the period. Good cost control throughout the year was maintained with the development of the Wagtail underground and restarting of open pit mining. Fundraising undertaken in May 2019 was to facilitate the acquisition of 50% of the Norseman Gold Project.

Key metrics:

- Gold produced – 43,018 oz (2018: 52,203 oz)
- Revenue - $77,037,903 (2018: $87,181,900);
- Cost of goods sold - $73,656,131 (2018: $70,362,307);
- Gross profit - $3,381,772 (2018: $16,819,593);
- Profit before income tax - $832,678 (2018: $13,569,173);
- Cash flows from operating activities - $19,038,923 (2018: 31,614,464);
- Cash flows used in investing activities - $30,237,891 (2018: $30,458,245); and
- Cash flows from financing activities - $53,136,770 (2018: $937,374).

DIVIDENDS PAID OR RECOMMENDED

The directors recommend that no dividend be paid for the year ended 30 June 2019, nor have any amounts been paid or declared by way of dividend since the end of the previous financial year.

SHARE OPTIONS

Unissued shares

As at the date of this report, there were 23,000,000 ordinary shares under options and performance rights, refer to note 19(d).

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Shares issued as a result of exercising options

There were 2,355,000 options converted to shares during the financial year, refer to note 19(e).

REVIEW OF OPERATIONS

A full review of the operations of the Group during the year ended 30 June 2019 is included in this report. Refer to Review of Operations for further detail.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the directors, there were no significant changes in the state of affairs of the Group that occurred during the financial year other than as disclosed in this report or the consolidated financial statements.

AFTER BALANCE DATE EVENTS

On 1 July 2019 the Company held a general meeting of shareholders where seven resolutions were voted on with all passed. Resolution 1 was for the approval for the issue of 100,000,000 ordinary shares as part of the consideration for the 50% acquisition of the Norseman Gold Project. Resolutions 2 and 3 were for the ratification of prior placement share issues. Resolution 4, 5 and 6 sought approval to issue options to directors. Resolution 7 was for an increase in the non-executive director remuneration pool to $350,000.

On 10 July 2019 the Company announced the completion of the 50% acquisition of the Norseman Gold Project with the satisfaction of all conditions precedent and the issue of 100,000,000 ordinary shares and the payment of $7,500,000.

There are no other matters or circumstances that have arisen since the end of the financial year to the date of this report, which has significantly affected, or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

FUTURE DEVELOPMENTS AND EXPECTED RESULTS

Business strategies and prospects for future financial years have been included in the review of operations.

ENVIRONMENTAL ISSUES

The Group's operations are subject to significant environmental regulations under the laws of Australia and Papua New Guinea. In Australia these issues are dealt with by the Operations Director of the Company. In PNG these issues are dealt with by the Managing Director of Pacific Niugini Minerals (PNG) Ltd, the entity in PNG.

The Group is not aware of any matter that requires disclosure with respect to any significant environmental regulation in respect of its activities.

REMUNERATION REPORT (AUDITED)

(A) Principles used to determine the nature and amount of remuneration

Remuneration Policy

The remuneration policy of the Company has been designed to align director and other key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives via the issue of options and performance rights. The Board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the economic entity, as well as create goal congruence between directors, executives and shareholders.

During the year ended 30 June 2019, the Company did not have a separately established nomination or remuneration committee. Considering the size of the Company, the number of directors and the economic entity's stage of its development, the Board are of the view that these functions can be efficiently performed with full Board participation.

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed and approved by the Board. The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive Director and executive remuneration is separate and distinct.

Non-Executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. No advice was obtained during the reporting period. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at a general meeting. The last determination was at the general meeting held on 26 November 2009 when shareholders approved an aggregate fee pool of $250,000 per year. The aggregate fee pool was amended in July 2019 to be $350,000. Fees for non-executive directors are not linked to the performance of the economic entity. The directors are not required to hold any shares in the Company under the Constitution of the Company, however to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Managing Director and Executive Remuneration Structure

Based on the Company's size, structure and strategies, the Board considers that the key performance indicator in assessing the performance of Executives and their contribution towards increasing shareholder value is share price performance over the review period. At present, remuneration is not impacted solely by the Company's share price performance but also other factors such as project identification, acquisition, development, exploration progress and results.

Individual and Company operating targets associated with traditional financial and non-financial measures are difficult to set given the small number of executives and the need to be flexible and multi-tasked, as the Company responds to a continually changing business environment. Consequently, a formal process of defining Key Performance Indicators (KPI's) and setting targets against the KPI's has not been adopted at the present time.

Remuneration consists of the following key elements:

Fixed remuneration; and

Variable remuneration Long term incentives (LTI).

The proportion of fixed remuneration and variable remuneration is established for each executive by the Board.

Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board having regard to the Company and individual performance, relevant comparable remuneration in the mining and exploration industry and external advice. No external advice was obtained during the reporting period. Executives receive their fixed remuneration in cash.

Executive directors and other senior executives can be employed by the Company on a consultancy basis, on Board approval, with remuneration and terms stipulated in individual consultancy agreements.

Variable Remuneration – Long Term Incentive (LTI)

The objective of the LTI plan is to reward Executives in a manner which aligns the element of remuneration with the creation of shareholder wealth. As such LTI's are made to Executives who are able to influence the generation of shareholder wealth and thus have an impact on the Company's performance.

The level of LTI granted is, in turn, dependent on the seniority of the Executive and the responsibilities the Executive assumes in the Company and this is granted at the discretion of the Board. LTI grants to Executives are delivered in the form of share options and performance rights.

The options are issued on terms determined by the Board at the time of issue. Executives are able to exercise the share options for periods as determined by the Board before the options lapse. Where a participant ceases employment prior to the vesting of their share options, the share options are forfeited. Where a participant ceases employment after the vesting of their share options, the share options automatically lapse three months after ceasing employment. There are no performance conditions attached to the options, unless otherwise determined by the Board of Directors, as they are used as part of the remuneration packages to attract and retain Executives and to align the Executives interests with that of the shareholders.

The performance rights will be issued with such conditions as determined by the Board. Where a participant ceases employment prior to the vesting of their performance rights, the performance rights are forfeited. The performance rights have performance hurdles as determined by the Board. Refer to Section E below for the vesting conditions which were issued to align the Executives interests with that of the shareholders.

The Company has a formal employee Long Term Incentive Plan ("LTIP") last approved at the AGM held 29 November 2016. As per ASX Listing Rule 7.2 (Exception 9(b)) the LTIP will require reapproval at a general meeting no later than November 2019.

During the current financial year the Group has generated profits from its mining and exploration and evaluation activities. Given the nature of the Group's activities and the current financial position, no dividends have been paid. There have been no returns of capital in the current or previous financial periods. The details of market year-end share price movements are as follows:

Year end	Closing share price	Profit/(loss) per share (cents)	Net tangible assets per share (cents)
30 June 2019	$0.20	0.10	9.33
30 June 2018	$0.30	1.76	5.75
30 June 2017	$0.25	(2.15)	3.84
30 June 2016	$0.13	(1.08)	3.86
30 June 2015	$0.05	(1.07)	3.54

(B) Remuneration of Directors and other Key Management Personnel

Details of the remuneration of directors and the key management personnel are set out in the following tables.

The key management personnel of the Company and the Group include the directors and the following executive officers who have or did have authority and responsibility for planning, directing and controlling the activities of the entity:

- David Okeby – Company Secretary (part-time) and subject to a service agreement.
- Scott Balloch – Chief Financial Officer (part-time).

(B) Remuneration of Directors and other Key Management Personnel

2019	Short Term			Post employment	Long term benefits	Share-based Payment		Total	% Performance related
	Salary and Fees	Consultancy Fees	Cash Bonus	Superannua-tion	Long service leave	Performance Rights	Options		
Directors									
Paul Cmrlec [1]	129,736	292,200	-	6,250	646	(7,775)	49,638	470,695	-
Kyle Edwards	50,000	-	-	4,750	-	-	3,229	57,979	-
Scott Huffadine	349,987	-	-	25,000	11,718	(27,009)	49,638	409,334	-
Michael Jefferies	60,000	-	-	5,700	-	-	-	65,700	-
	589,723	**292,200**	**-**	**41,700**	**12,364**	**(34,784)**	**102,505**	**1,003,708**	
Other key management personnel									
Scott Balloch	248,674	-	-	22,251	2,011	-	7,990	280,926	-
David Okeby [2]	74,328	-	-	-	-	-	7,990	82,318	-
	323,002	**-**	**-**	**22,251**	**2,011**	**-**	**15,980**	**363,244**	
Total	**912,725**	**292,200**	**-**	**63,951**	**14,375**	**(34,784)**	**118,485**	**1,366,952**	

(1) Mr Cmrlec services were provided to Pantoro under a service agreement with Berrimil Services Pty Ltd up to 31 March 2019. From 1 April 2019 Mr Cmrlec was an employee of Pantoro Ltd.

(2) Mr Okeby is an employee of Westgold Resources Ltd and his services are invoiced under a service agreement to Pantoro Ltd. Amounts invoiced to Pantoro Ltd by Westgold Resources Ltd are included in the salary and fees amount. The amount shown in the options column relates to options issued directly to Mr Okeby.

2018	Short Term			Post employment	Long term benefits	Share-based Payment		Total	% Performance related
	Salary and Fees	Consultancy Fees	Cash Bonus	Superannua-tion	Long service leave	Performance Rights	Options		
Directors									
Paul Cmrlec	-	373,600	-	-	-	201,923	176,520	752,043	50
Kyle Edwards	40,000	-	-	3,800	-	-	-	43,800	-
Scott Huffadine	325,000	-	-	30,875	6,524	67,412	176,520	606,331	40
Michael Jefferies	60,000	-	-	5,700	-	-	-	65,700	-
	425,000	**373,600**	**-**	**40,375**	**6,524**	**269,335**	**353,040**	**1,467,874**	
Other key management personnel									
Scott Balloch [1]	79,289	-	-	449	115	-	35,304	115,157	31
David Okeby [2]	66,984	-	-	-	-	-	35,304	102,288	35
	146,273	**-**	**-**	**449**	**115**	**-**	**70,608**	**217,445**	
Total	**571,273**	**373,600**	**-**	**40,824**	**6,639**	**269,335**	**423,648**	**1,685,319**	

(1) Mr Balloch was an employee of Westgold Resources Ltd and his services were invoiced under a service agreement to Pantoro Ltd until 31 May 2018. Amounts invoiced to Pantoro Ltd by Westgold Resources Ltd are included in the salary and fees amount. From 1 June 2018 Mr Balloch was an employee of Pantoro Ltd. The amount shown in the options column relates to options issued directly to Mr Balloch.

(2) Mr Okeby is an employee of Westgold Resources Ltd and his services are invoiced under a service agreement to Pantoro Ltd. Amounts invoiced to Pantoro Ltd by Westgold Resources Ltd are included in the salary and fees amount. The amount shown in the options column relates to options issued directly to Mr Okeby.

(C) Compensation options/rights – Granted and vested during the year

The table below shows options and performance rights granted and vested during the 2019 financial year.

2019	Granted Number	Grant Date	Value per Option/Right at Grant Date $	Exercise Price $	Vesting Date	Expiry Date	Options/ rights vesting during the year	Options/ rights lapsed during the year
Directors and key management personnel								
S Balloch-Options	-	1/12/16	0.0762	0.220	1/12/18	1/12/19	500,000	-
P Cmrlec-Options	-	1/12/16	0.0762	0.220	1/12/18	1/12/19	2,500,000	-
P Cmrlec-Options*	1,500,000	1/7/19	0.0541	0.240	4/7/20	4/7/22	-	-
P Cmrlec-Options*	1,500,000	1/7/19	0.0516	0.250	4/7/21	4/7/22	-	-
P Cmrlec-Rights	-	29/11/16	0.1850	Nil	31/7/18	29/11/18	500,000	-
K Edwards-Options*	500,000	1/7/19	0.0541	0.240	4/7/20	4/7/22	-	-
K Edwards-Options*	500,000	1/7/19	0.0516	0.250	4/7/21	4/7/22	-	-
S Huffadine-Options	-	1/12/16	0.0762	0.220	1/12/18	1/12/19	2,500,000	-
S Huffadine-Options*	1,500,000	1/7/19	0.0541	0.240	4/7/20	4/7/22	-	-
S Huffadine-Options*	1,500,000	1/7/19	0.0516	0.250	4/7/21	4/7/22	-	-
D Okeby-Options	-	1/12/16	0.0762	0.220	1/12/18	1/12/19	500,000	-

* Service commencement date of 30 May 2019 for recognition of share based payments with the grant (measurement) date being 1 July 2019

For details on the valuation of the options, including models and assumptions used, please refer to note 21 to the financial statements.

The value of the share based payments granted during the year is recognised in compensation over the vesting period of the grant.

(D) Security Holdings of Directors and Key Management Personnel

(i) Option and performance right holdings

The numbers of options and performance rights over ordinary shares in the Company held during the financial year by directors and other key management personnel, including their personally related parties, are set out below.

30 June 2019	Balance at beginning of year or on appointment	Granted during the year as Compensation[3]	Expired during the year	Exercised during the year[1]	Balance at end of year	Vested and exercisable at the end of the year
Directors						
Paul Cmrlec [2]	6,500,000	3,000,000	-	500,000	9,000,000	5,000,000
Kyle Edwards	-	1,000,000	-	-	1,000,000	-
Scott Huffadine [2]	8,000,000	3,000,000	-	2,000,000	9,000,000	5,000,000
Michael Jefferies	-	-	-	-	-	-
Key management personnel						
Scott Balloch	1,000,000	-	-	-	1,000,000	1,000,000
David Okeby	1,000,000	-	-	-	1,000,000	1,000,000
Total	**16,500,000**	**7,000,000**	**-**	**2,500,000**	**21,000,000**	**12,000,000**

(1) Mr Cmrlec had 500,000 performance rights exercise at a nil exercise price. Mr Huffadine exercised 2,000,000 options at an exercise price of $0.10.

(2) Mr Cmrlec and Mr Huffadine have outstanding performance rights with a maximum total value yet to expense of $120,500 and $120,500 respectively.

(3) Service commencement date of 30 May 2019 for recognition of share based payments with the grant (measurement) date being 1 July 2019.

(ii) Share holdings

The numbers of shares in the Company held during the financial year by each director and other key management personnel of the Company, including their personally related parties, are set out below. No shares were granted as remuneration. 500,000 shares were issued on the vesting of remuneration performance rights (2018: 1,500,000) and 2,000,000 shares were issued on exercise of remuneration options (2018: 500,000).

30 June 2019	Balance at start of year	Acquired during the year	Disposed during the year	Exercise of options / vesting of performance rights	Other changes during the year	Balance at the end of the year
Directors						
Paul Cmrlec	6,898,992	50,000	-	500,000	-	7,448,992
Kyle Edwards	50,000	25,000	-	-	-	75,000
Scott Huffadine	1,473,344	75,000	822,382	2,000,000	-	2,725,962
Michael Jefferies	357,820	75,000	-	-	-	432,820
Key management personnel						
Scott Balloch	524,450	-	-	-	-	524,450
David Okeby	700,000	-	-	-	-	700,000
Total	**10,004,606**	**225,000**	**822,382**	**2,500,000**	**-**	**11,907,224**

(E) Employment Contracts of Directors and Senior Executives

Managing Director and CEO

Mr Cmrlec was appointed as Managing Director on 4th April 2011.

With effect from 1 April 2019 Mr Cmrlec is employed under an annual salary employment contract and receives a fixed remuneration of $480,000 (excluding superannuation) per annum. Either party may terminate the contract by giving six months' notice which may be worked or the Company can elect to make the termination immediate by payment of six months base salary. If Mr Cmrlec's position ceases to exist and the Company elects to terminate Mr Cmrlec he will receive a redundancy payment of twelve months base salary. There is no fix term for the employment contract. Mr Cmrlec is entitled to participate in the Long Term Incentive Plan as approved by shareholders.

Previous to this Mr Cmrlec services were provided under a contract entered into between Berrimil Service Pty Ltd (a company associated with Mr Cmrlec) and Pantoro Limited (PNR). Under the contract Berrimil provided the services of Mr Cmrlec as Managing Director of PNR for a daily consulting fee based on an hourly rate of $200 and capped to a maximum daily amount of $1,600 per day. The fee is all inclusive, with no additional on-costs to be charged by Berrimil.

The following awards which are still vesting were granted to Mr Cmrlec in FY19:

(a) 1,500,000 options to acquire fully paid ordinary shares in PNR at an exercise price of $0.24 expiring 4 July 2022 with a vesting date of 4 July 2020.

(b) 1,500,000 options to acquire fully paid ordinary shares in PNR at an exercise price of $0.25 expiring 4 July 2022 with a vesting date of 4 July 2021.

The following awards which are still vesting were granted to Mr Cmrlec in prior periods:

(a) 1,000,000 performance rights to be allotted fully paid ordinary shares in PNR with the following terms and performance hurdles:

- 500,000 shares when the Company achieves a $300 million market capitalisation for a period of five successive trading days. These rights have an expiry date of 29 November 2019.
- 500,000 shares when the Company achieves production of 40,000 ounces of gold over a six month period. These rights have an expiry date of 29 November 2019.

The options and performance rights were issued under the terms of the Long Term Incentive Plan and were approved by shareholders at a meeting held on 29 November 2016. To exercise the performance rights, it is a requirement that Mr Cmrlec remains an employee of the Company until the vesting conditions are met. The above performance hurdles were chosen to align Mr Cmrlec's remuneration with the generation of shareholder wealth.

Operations Director

Mr Huffadine is employed under an annual salary employment contract and receives a fixed remuneration of $360,000 (excluding superannuation) per annum effective from 1 April 2019. Either party may terminate the contract by giving six months' notice which may be worked or the Company can elect to make the termination immediate by payment of six months base salary. If Mr Huffadine's position ceases to exist and the Company elects to terminate Mr Huffadine he will receive a redundancy payment of twelve months base salary. There is no fix term for the employment contract. Mr Huffadine is entitled to participate in the Long Term Incentive Plan as approved by shareholders.

Previous to this Mr Huffadine received a fixed remuneration of $325,000 (excluding superannuation) per annum.

The following awards which are still vesting were granted to Mr Huffadine in FY19:

(a) 1,500,000 options to acquire fully paid ordinary shares in PNR at an exercise price of $0.24 expiring 4 July 2022 with a vesting date of 4 July 2020.

(b) 1,500,000 options to acquire fully paid ordinary shares in PNR at an exercise price of $0.25 expiring 4 July 2022 with a vesting date of 4 July 2021.

The following awards which are still vesting were granted to Mr Huffadine in prior periods:

(a) 1,000,000 performance rights to be allotted fully paid ordinary shares in PNR with the following terms and performance hurdles:

- 500,000 shares when the Company achieves a $300 million market capitalisation for a period of five successive trading days. These rights have an expiry date of 29 November 2019.
- 500,000 shares when the Company achieves production of 40,000 ounces of gold over a six month period. These rights have an expiry date of 29 November 2019.

Mr David Okeby, Company Secretary

Mr Okeby has no formal agreement between himself and the Company. His remuneration is by way of a service agreement with Westgold Resources Limited for services provided to the Company invoiced on an hourly basis.

Mr Scott Balloch, CFO

Mr Balloch is employed under an employment contract on a part time basis and receives a pro-rata remuneration based on an annual salary of $280,000 (excluding superannuation). Either party may terminate the contract by giving three months' notice.

(F) Other Transactions with Directors and Key Management Personnel

There were no other transactions with Directors and Key Management Personnel.

THIS IS THE END OF THE AUDITED REMUNERATION REPORT

MEETINGS OF DIRECTORS

During the financial year details of meetings of directors held and attendances by each director (while a director of the Company) were as follows:

	Board Meetings	
	Eligible to attend	Attended
P Cmrlec	9	9
K Edwards	9	9
S Huffadine	9	9
M Jefferies	10	10

INDEMNIFYING AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year and to the extent permitted by law, the Company has paid premiums to insure the directors and officers against certain liabilities arising out of their conduct while acting as an officer of the Company. The Company has paid premiums to insure each of the directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. Under the terms and conditions of the insurance contract the premium paid cannot be disclosed.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the company is party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings.

The Company was not a party to any such proceedings during the year.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of the Company support and have adhered to the principles of Corporate Governance. The Company's corporate governance statement is contained in the Corporate Governance section of the Report.

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor Ernst & Young. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services (refer to note 7):

Tax compliance services	$52,500

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2019 is on the following page and the declaration forms part of this directors' report.

Signed in accordance with a resolution of the Board of Directors.

Paul Cmrlec
Managing Director
Dated 27 September 2019

AUDITOR'S INDEPENDENCE DECLARATION

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Auditor's Independence Declaration to the Directors of Pantoro Limited

As lead auditor for the audit of the financial report of Pantoro Limited for the financial year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Pantoro Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Philip Teale
Partner
27 September 2019

PT:CT:PANTORO:021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	30 Jun 19 $	30 Jun 18 $
Revenue	4	77,037,903	87,181,900
Cost of sales	5(a)	(73,656,131)	(70,362,307)
Gross profit		**3,381,772**	**16,819,593**
Other income	4	161,126	345,045
Other expenses	5(b)	(2,488,654)	(2,607,821)
Finance costs	5(c)	(92,239)	(30,251)
Exploration and evaluation expenditure written off		(129,327)	(957,393)
Profit before income tax		**832,678**	**13,569,173**
Income tax expense	6	-	187,008
Profit after income tax		**832,678**	**13,756,181**
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(187)	(9,518)
Other comprehensive loss for the year, net of tax		**(187)**	**(9,518)**
Total comprehensive profit for the year, net of tax		**832,491**	**13,746,663**
Earnings per share attributable to the ordinary equity holders of the parent (cents per share)			
Basic profit per share (cents per share)	8	0.10	1.76
Diluted profit per share (cents per share)	8	0.10	1.75

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	30 Jun 19 $	30 Jun 18 $
CURRENT ASSETS			
Cash and cash equivalents	9	53,696,188	11,758,532
Trade and other receivables	10	1,294,206	1,215,012
Inventories	11	4,246,615	4,397,691
Prepayments	12	824,565	628,240
Total current assets		**60,061,574**	**17,999,475**
NON-CURRENT ASSETS			
Prepayments	12	4,142,417	-
Property, plant and equipment	13	16,321,437	17,179,148
Exploration and evaluation expenditure	14	4,149,862	2,159,094
Mine properties and development costs	15	36,997,155	25,997,825
Total non-current assets		**61,610,871**	**45,336,067**
TOTAL ASSETS		**121,672,445**	**63,335,542**
CURRENT LIABILITIES			
Trade and other payables	16	13,748,311	13,525,556
Provisions	17	1,573,268	1,097,633
Interest-bearing loans and borrowings	18	779,613	595,705
Total current liabilities		**16,101,192**	**15,218,894**
NON-CURRENT LIABILITIES			
Provisions	17	5,200,312	2,696,188
Interest-bearing loans and borrowings	18	8,000	25,333
Total non-current liabilities		**5,208,312**	**2,721,521**
TOTAL LIABILITIES		**21,309,504**	**17,940,415**
NET ASSETS		**100,362,941**	**45,395,127**
EQUITY			
Issued capital	19	229,029,186	174,992,952
Reserves	20	7,173,794	7,074,892
Accumulated losses		(135,840,039)	(136,672,717)
TOTAL EQUITY		**100,362,941**	**45,395,127**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	30 Jun 19 $	30 Jun 18 $
CASH FLOWS USED IN OPERATING ACTIVITIES			
Receipts from customers		77,037,903	79,776,483
Payments to suppliers and employees		(58,119,889)	(48,222,128)
Interest paid		(40,217)	(30,251)
Interest received		137,166	71,688
Other income		23,960	-
Proceeds from security deposits		-	18,672
Net cash flows from operating activities	9	19,038,923	31,614,464
CASH FLOWS USED IN INVESTING ACTIVITIES			
Payments for property, plant and equipment		(3,746,109)	(10,476,050)
Payments for exploration and evaluation		(2,107,913)	(4,330,703)
Payments for mine properties and development		(20,241,451)	(16,033,738)
Proceeds from sale of property, plant and equipment		-	300,000
Proceeds from sale of available-for-sale financial assets		-	82,246
Payments for acquisition of Interest in Norseman	12	(2,500,000)	-
Payments for Norseman sole spend prior to settlement	12	(1,642,418)	-
Net cash flows used in investing activities		(30,237,891)	(30,458,245)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of finance lease liabilities		(899,464)	(648,506)
Proceeds from share issues	19	56,742,757	-
Proceeds from exercise of options	19	245,700	1,585,880
Transaction costs on issue of shares		(2,952,223)	-
Net cash flows from financing activities		53,136,770	937,374
Net increase in cash and cash equivalents held		41,937,802	2,093,593
Net foreign exchange differences		(146)	(7,107)
Cash and cash equivalents at the beginning of the financial year		11,758,532	9,672,046
Cash and cash equivalents at the end of the financial year	9	53,696,188	11,758,532

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Issued Capital	Options reserve	Share based payment reserve	Accumulated losses	Foreign currency translation reserve	Total equity
	$	$	$	$	$	$
At 1 July 2017	**173,379,286**	**4,513,958**	**2,225,647**	**(150,422,806)**	**(437,290)**	**29,258,795**
Loss for the year	-	-	-	13,756,181	-	13,756,181
Other comprehensive income, net of tax	-	-	-	-	(9,518)	(9,518)
Total comprehensive (loss)/profit for the year	**-**	**-**	**-**	**13,756,181**	**(9,518)**	**13,746,663**
Exercise of options	1,613,666	-	-	-	-	1,613,666
Share-based payments	-	-	776,003	-	-	776,003
De-registration of Sonora Australia Mining SA DE CV	-	-	-	(6,092)	6,092	-
At 30 June 2018	**174,992,952**	**4,513,958**	**3,001,650**	**(136,672,717)**	**(440,716)**	**45,395,127**

	Issued Capital	Options reserve	Share based payment reserve	Accumulated losses	Foreign currency translation reserve	Total equity
	$	$	$	$	$	$
At 1 July 2018	**174,992,952**	**4,513,958**	**3,001,650**	**(136,672,717)**	**(440,716)**	**45,395,127**
Profit for the year	-	-	-	832,678	-	832,678
Other comprehensive income/(loss), net of tax	-	-	-	-	(187)	(187)
Total comprehensive profit/(loss) for the year	**-**	**-**	**-**	**832,678**	**(187)**	**832,491**
Shares issued during the year	56,742,757	-	-	-	-	56,742,757
Exercise of options	245,700	-	-	-	-	245,700
Share issue costs	(2,952,223)	-	-	-	-	(2,952,223)
Share-based payments	-	-	99,089	-	-	99,089
At 30 June 2019	**229,029,186**	**4,513,958**	**3,100,739**	**(135,840,039)**	**(440,903)**	**100,362,941**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. CORPORATE INFORMATION

Pantoro Limited ("Pantoro" or "the Company") is a for profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of Pantoro and its controlled entities (the "Group") are described in the Directors' Report.

The address of the registered office is 1187 Hay Street, West Perth WA 6005.

The financial report of Pantoro Limited for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the directors on 26 September 2019.

2. BASIS OF PREPARATION

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards and other authoritive pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on a historical cost basis.

The financial report is presented in Australian dollars. The functional currency of the Group's Papua New Guinea subsidiary is the PNG Kina, the functional currency of all other entities within the Group is Australian dollar.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board ("AASB") and also International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) Adoption of new and amended accounting standards and interpretations

Since 1 July 2018, the Group has adopted all Accounting Standards and Interpretations effective from 1 July 2018 that are relevant to its operations. Other than the changes described below, the accounting policies adopted are consistent with those of the previous financial year. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(d) Change in accounting policies and disclosures

The Group applied AASB 9 Financial Instruments ("AASB 9") and AASB 15 Revenue from Contracts with Customers ("AASB 15") for the first time from 1 July 2018. The nature and effect of the adoption of these new standards are described below.

Several other new and amended Accounting Standards and Interpretations applied for the first time from 1 July 2018, but did not have an impact on the consolidated financial statements of the Group and, hence, have not been disclosed.

2. BASIS OF PREPARATION (CONTINUED)

(d) Change in accounting policies and disclosures (Continued)

(i) AASB 9

AASB 9 replaces parts of AASB 139 Financial Instruments: Recognition and Measurement ("AASB 139") for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied AASB 9 retrospectively, with the initial application date being 1 July 2018 and has elected not to restate comparative information which continued to be reported under AASB 139. The adoption of AASB 9 did not result in any adjustment to the opening balance of accumulated losses as at 1 July 2018.

Classification and measurement

AASB 9 introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and are solely payments of principal and interest (SPPI). All other financial instrument assets are to be classified and measured at fair value through profit or loss (FVTPL) unless the entity makes an irrevocable election on initial recognition to present fair value gains and losses on equity instruments (that are not held-for trading) in other comprehensive income (OCI).

For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch).

Classification of financial assets and financial liabilities on the date of initial application of AASB 9

The following table shows the original measurement categories under AASB 139 as at 30 June 2018 and the new measurement categories under AASB 9 for each class of the Group's financial assets and financial liabilities as at 1 July 2018.

	Measurement category		Carrying amount	
Financial Assets	**Original (AASB 139)**	**New (AASB 9)**	**Original $**	**New $**
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost	11,758,532	11,758,532
Trade and other receivables	Loans and receivables	Financial assets at amortised cost	216,009	216,009
Trade and other payables	Financial liabilities at amortised cost	Financial liabilities at amortised cost	13,525,556	13,525,556
Interest-bearing loans and borrowings	Financial liabilities at amortised cost	Financial liabilities at amortised cost	621,038	621,038

The changes in classification did not resulted in any re-measurement adjustments at 1 July 2018.

Impairment

In relation to the financial assets carried at amortised cost, AASB 9 requires an expected credit loss ("ECL") model to be applied as opposed to an incurred credit loss model under AASB 139. The ECL model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. In particular, AASB 9 requires the Group to measure the loss allowance at an amount equal to lifetime expected credit loss ("ECL") if the credit risk on the instrument has increased significantly since initial recognition. On the other hand, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to the ECL within the next 12 months.

At 1 July 2018, upon adoption of AASB 9, the Group reviewed and assessed the existing financial assets for impairment using reasonable and supportable information. The result of the assessment is as follows: -

Financial assets existing as at 1 July 2018 that are subject to the impairment provisions of AASB 9	**Credit risk attributes**	**Cumulative additional loss allowance recognised on 1 July 2018**
Cash and cash equivalents and deposits	All balances are assessed to have low credit risk as they are either on demand or have short term maturities and are held with a reputable financial institution with a credit rating of AA- (Standard & Poor's).	-
Short term receivables at amortised cost	The Group concluded that the lifetime ECL for these assets would be negligible and therefore no additional loss allowance was required at 1 July 2018.	-

Refer to note 3(e) for details of the revised accounting policy for trade and other receivables.

(ii) AASB 15

AASB 15 and its related amendments supersedes AASB 118 Revenue ("AASB 118") and related Interpretations. It applies to all revenue arising from contracts with its customers and establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, the revenue recognition model will change from one based on the transfer of risk and reward of ownership to the transfer of control of ownership. AASB 15 requires revenue to be recognised when (or as) control of a good or service transfers to a customer at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group adopted AASB 15 using the modified retrospective approach with the date of initial application being 1 July 2018 with the cumulative effect of initially applying AASB 15 recognised as an adjustment to the opening balance of retained earnings. The Group elected to apply the standard only to contracts that were not completed contracts at the initial date of application. The comparative information has not been restated and continues to be reported under AASB 118 and related interpretations.

The Group's revenue from contracts with customers comprises of the sale of gold and silver bullions. The Group undertook a comprehensive analysis of the impact of the new revenue standard based on a review of the contractual terms of its principal revenue stream with the primary focus being to understand whether the timing and amount of revenue recognised could differ under AASB 15. The only performance obligation under the contract is for the sale of gold or silver bullion. Revenue from bullion sales is recognised at a point in time when control passes to the buyer. This generally occurs when the metal credits transfers from the Group's metal account to the customer. As all performance obligations are satisfied at that time, there are no remaining performance obligations under the contract. The transaction price is determined at transaction date and there are no further adjustments to this price.

2. BASIS OF PREPARATION (CONTINUED)

(d) Change in accounting policies and disclosures (Continued)

(i) AASB 15 (Continued)

The Group has not applied any practical expedients in adopting the standard and no adjustments were required as a result of adopting the new standard. There is no impact on the transition of AASB 15 in FY19.

Refer to note 3(p) for details of the revised accounting policy for revenue from contracts with customers.

(e) New and amended standards and interpretations issued but not yet effective

A number of new and amended Standards and Interpretations have recently been issued but are not yet effective and have not been adopted by the Group as at the financial reporting date. Except as disclosed, the potential effect of these new and amended Standards and Interpretations are yet to be fully determined.

Reference and Title	Application date for the Group	Summary
AASB 16 Leases	1 July 2019	AASB 16 was issued in January 2016 and it replaces AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a lease, AASB Interpretation 115 Operating Lease-Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions involving the Legal form of a lease. AASB 16 sets out the principles for the recognition on-balance sheet model similar to the accounting for finance leases under AASB 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset represents the right to use the underlying asset during the lease term. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in the future lease payments resulting form a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset. AASB 16 requires lessees to make more extensive disclosures than under AASB 117. **Transition to AASB 16** The Group plans to adopt AASB 16 using the modified retrospective approach at the date of initial application, being 1 July 2019. The lease liability will be measured at the present value of future lease payments, discounted using the incremental borrowing rate for the Group at the date of transition. Using this approach, the right-of use asset will be set to equal the lease liability. The cumulative impact of adoption will be recognised as at 1 July 2019 and comparatives will not be restated. The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease term ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low-value. The Group has certain office equipment (photocopiers) that are considered of low-value. As of 30 June 2019, the Group continued to progress its detailed impact assessment and implementation project of AASB 16. The leases recognised by the Group under AASB 16 predominantly relate to mining equipment, contractor-provided equipment and office premises. Information on the Group's operating lease commitments under AASB 117 Leases (undiscounted) is disclosed in Note 22.Work completed by the Group to date indicates the new leases standard is expected to have a material impact on the Group's financial statements as it will significantly increase the recognised assets and liabilities. In summary, the impact of AASB 16 is to create a Right-of-use asset and a Lease liability of at least $22,000,000. As a result of the creation of a right-of-use asset and lease liability, depreciation expense and interest expense are expected to increase and operating lease expense will be reduced. In addition, the classification between cash flow from operating activities and cash flow from financing activities will also change. Many commonly used financial ratios and performance metrics for the Group, using existing definitions, will also be impacted including net debt, gearing, EBITDA, unit costs and operating cash flows.

Reference and Title	Application date for the Group	Summary
AASB 2018-1 Annual Improvements 2015-2017 Cycle	1 July 2019	The amendments clarify certain requirements in: • AASB 3 Business Combinations and AASB 11 Joint Arrangements – previously held interest in a joint operation. • AASB 112 Income Taxes – income tax consequences of payments on financial instruments classified as equity. • AASB 123 Borrowing Costs – borrowing costs eligible for capitalisation. The Group is still assessing whether there will be any material impact.
AASB Interpretation 23 Uncertainty over Income Tax Treatments	1 July 2019	The Interpretation clarifies the application of the recognition and measurement criteria in AASB 112 Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following: • Whether an entity considers uncertain tax treatments separately • The assumptions an entity makes about the examination of tax treatments by taxation authorities • How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates • How an entity considers changes in facts and circumstances. The Group is still assessing whether there will be any material impact.
AASB 2019-1 Conceptual Framework for Financial Reporting	1 July 2020	The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows: • Chapter 1 – The objective of financial reporting • Chapter 2 – Qualitative characteristics of useful financial information • Chapter 3 – Financial statements and the reporting entity • Chapter 4 – The elements of financial statements • Chapter 5 – Recognition and derecognition • Chapter 6 – Measurement • Chapter 7 – Presentation and disclosure • Chapter 8 – Concepts of capital and capital maintenance Amendments to References to the Conceptual Framework in IFRS Standards has also been issued, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. . In most cases, the standard references are updated to refer to the Conceptual Framework. There are exemptions in developing accounting policies for regulatory account balances for two standards, namely, AASB 3 and for those applying AASB 108. The Group is still assessing whether there will be any material impact.
AASB 2018-6 Definition of a Business	1 July 2020	The Standard amends the definition of a business in AASB3 Business Combinations. The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing missing elements, adds guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an option fair value concentration test. The Group is still assessing whether there will be any material impact.

Reference and Title	Application date for the Group	Summary
AASB 2018-7 Definition of Material	1 July 2020	This Standard amends AASB 101 Presentation of Financial Statements and AAS 108 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards to clarify certain aspects of the definition. The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group is still assessing whether there will be any material impact.

(f) Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements have been made as well as the following key estimates and assumptions that have the most significant impact on the financial statements. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(i) Impairment of capitalised mine development expenditure and property, plant and equipment

The Group asses each asset or cash generating unit ("CGU") at the end of each reporting period to determine whether an indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of value in use ("VIU") (being net present value of expected future cashflows of the relevant CGU) and fair value less cost to sell ("FVLCS").

In determining the formal estimate, future cash flows for each cash generating unit (CGU) (ie each mine site) are prepared utilising managements latest estimates of;

- the quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- future production levels;
- future commodity prices;
- future cash cost of production;
- impacts of changes in regulatory obligations;
- royalties and taxation; and
- other relevant cash inflows and outflows.

Cash flow scenarios for a range of commodity prices and foreign exchange rates are assessed using internal and external market forecasts, and the present value of the forecast cash flows is determined utilising a pre-tax discount rate.

2. BASIS OF PREPARATION (CONTINUED)

(f) Use of estimates and judgements (Continued)

(i) Impairment of capitalised mine development expenditure and property, plant and equipment (Cont)

The Group's cash flows are most sensitive to movements in commodity price, expected quantities of ore reserves and mineral resources and key operating costs.

To the extent capitalised mine development expenditure and property, plant and equipment is determined not to be recoverable in the future, this will reduce profit in the period in which this determination is made.

Variations to the expected cash flows, and the timing thereof, could result in significant changes to any impairment losses recognised, if any, which in turn could impact future financial results. Refer to Note 3(k) for further discussion on the impairment assessment process undertaken by the Group.

(ii) Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related area interest itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

(iii) Stripping activity assets

Judgment is required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each orebody component. The Group considers that the ratios of the expected volume of waste to be stripped for an expected volume of ore to be mined for a specific component of the orebody, to be the most suitable production measure. In identifying and defining the orebody components, judgment is required to determine the expected volumes of waste to be stripped and ore to be mined in each of these components. These assessments are based on the information available in the mine plan which will vary between mines for various reasons, including, the geological characteristics of the orebody, the geographical location and/or financial considerations.

Significant judgment is required in determining the waste capitalisation ratio for each component of the mine. Factors that are considered include:

- any proposed changes in the design of the mine;
- estimates of the quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- identifiable components of orebody;
- future production levels;
- impacts of regulatory obligations and taxation legislation; and
- future cash cost of production.

(iv) Unit of production method of amortisation and depreciation

The Group applies the unit of production method of amortisation and depreciation to its mine specific plant and to mine properties and development based on ore tonnes mined. These calculations require the use of estimates and assumptions. Significant judgement is required in assessing the available reserves and the production capacity of the plants to be depreciated under this method. Factors that are considered in determining reserves and production capacity are the Group's history of converting resources to reserves and the relevant time frames, the complexity of metallurgy, markets and future developments. When these factors change or become known in the future, such differences will impact pre-tax profit and carrying values of assets.

(v) Taxation

Balances disclosed in the financial statements and the notes relating to taxation, are based on the best estimates of management and take into account the financial performance and position of the Group as they pertain to current income tax legislation, and management's understanding thereof. No adjustment has been made for pending taxation legislation.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets, when recognised, are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Unrecognised deferred tax assets are only recognised to the extent that it is probable that there are future taxable profits available against which deductible temporary differences can be utilised.

(vi) Mine rehabilitation provision

The Group assesses its mine rehabilitation provisions on an annual basis in accordance with the accounting policy stated in note 3(n). In determining an appropriate level of provision, consideration is given to the expected future costs to be incurred, the timing of those future costs (largely dependent on the life of mine) and the estimated level of inflation. The ultimate cost of rehabilitation is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements, the emergence of new rehabilitation techniques or experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in resources or to production rates. Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

In recognising the amount of rehabilitation obligation at each reporting date, judgement is made on the extent of rehabilitation that the Group is responsible for at each reporting date.

2. BASIS OF PREPARATION (CONTINUED)

(f) Use of estimates and judgements (Continued)

(viii) Revenue from contracts with customers

Judgment is required to determine the point at which the customer obtains control of gold. Factors including transfer of legal title, transfer of significant risks and rewards of ownership and the existence of a present right to payment for the gold typically result in control transferring on delivery of the gold.

(g) Tax consolidation

Pantoro Limited and its wholly-owned Australian subsidiaries have formed a tax consolidated group under tax consolidation legislation. The head entity, Pantoro Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. Current tax liabilities and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. Entities in the tax consolidated group have entered a tax funding arrangement whereby each company in the group contributes to the income tax payable by the head entity in proportion to their contribution to the group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity. Members of the tax consolidated group have entered into a tax sharing agreement, which provides for the allocation of income tax liabilities between members of the tax consolidated group should the parent, Pantoro Limited, default on its tax payments obligations.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all the years presented in these consolidated financial statements, unless otherwise stated and have been applied consistently across the Group.

(a) Principles of Consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2019 and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in this financial report as the Group.

Subsidiaries are entities controlled by the Company. The Company has control over an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. They are de-consolidated from the date that control ceases.

(ii) Transactions eliminated on consolidation

Intra-Group balances, and any unrealised income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements. Accounting policies of subsidiaries are consistent with the parent.

(b) Business combinations

The acquisition method of accounting is used to account for all business combinations. Consideration is measured at the fair value of the assets transferred, liabilities incurred and equity interests issued by the Group on acquisition date. Consideration also includes the acquisition date fair values of any contingent consideration arrangements. The acquisition date is the date on which the Group obtains control of the acquiree. Where equity instruments are issued as part of the consideration, the value of the equity instruments is their published market price at the acquisition date unless, in rare circumstances it can be demonstrated that the published price at acquisition date is not fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are, with limited exceptions, initially measured at their fair values at acquisition date. Goodwill represents the excess of the consideration transferred and the amount of the non-controlling interest in the acquiree over fair value of the identifiable net assets acquired. If the consideration and non-controlling interest of the acquiree is less than the fair value of the net identifiable assets acquired, the difference is recognised in profit or loss as a bargain purchase price, but only after a reassessment of the identification and measurement of the net assets acquired.

For each business combination, the Group measures non-controlling interests at either fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed when incurred.

Where the Group obtains control of a subsidiary that was previously accounted for as an equity accounted investment in associate or jointly controlled entity, the Group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss. Where the Group obtains control of a subsidiary that was previously accounted for as an available-for-sale financial assets, any balance on the available-for-sale reserve related to that investment is recognised in profit or loss as if the Group had disposed directly of the previously held interest.

Where settlement of any part of the cash consideration is deferred, the amounts payable in future are discounted to present value at the date of exchange using the entity's incremental borrowing rate as the discount rate.

Contingent consideration is classified as equity or financial liabilities. Amounts classified as financial liabilities are subsequently remeasured to fair value at the end of each reporting period, with changes in fair value recognised in profit or loss.

(c) Foreign currency transactions and balances

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are converted at rates of exchange ruling on the date of those transactions. At balance date, amounts receivable and payable in foreign currencies are translated at rates of exchange current at that date. Realised and unrealised gains and losses are brought to account in determining the profit or loss for the financial year.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Foreign currency transactions and balances (Continued)

(iii) Group companies

The results and financial position of all entities in the Group (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Share capital, reserves and accumulated losses are converted at applicable historical rates;
- Income and expenses for each item of profit or loss are presented are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(d) Cash and cash equivalents

For the Consolidated Statement of Cash Flows purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(e) Trade and other receivables

Policy prior to 1 July 2018 (Before adoption of AASB 9)

Trade and other receivables were recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for impairment.

Collectability of trade and other receivables was reviewed on an ongoing basis. Individual debts that were known to be uncollectible were written off when identified. An impairment allowance was recognised when there was objective evidence that the Group would not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue were considered objective evidence of impairment. The amount of the impairment loss was the receivables carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

Policy applied from 1 July 2018 (Upon adoption of AASB 9)

Receivables are classified, at initial recognition, and subsequently measured at amortised cost or fair value through profit or loss. The classification of receivables at initial recognition depends on the receivable's contractual cash flow characteristics and the Group's business model for managing them. Except for trade receivables the Group initially measures a receivable at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are initially measured at the transaction price determined in accordance with the accounting policy for revenue.

(i) Receivables at amortised cost

The Group classifies receivables as financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment.

(ii) Impairment

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies the simplified approach in calculating ECLs, as permitted by AASB 9. For other receivables that are due in less than 12 months, the 12-month ECL equals to lifetime ECL. Therefore, the Group does not track changes in credit risk for short term receivables, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. For any other financial assets carried at amortised cost (which are due in more than 12 months), the ECL is based on the 12-month ECL when there has not been a significant increase in credit risk since origination. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Trade and other receivables (Continued)

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

(f) Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost includes expenditure incurred in acquiring and bringing the inventories to their existing condition and location and is determined using the weighted average cost method

(g) Property, plant and equipment

Recognition and measurement

Each class of property, plant and equipment is stated at historical cost less, where applicable, any accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset Major depreciation periods are:

- Mine Specific plant and equipment is depreciated using the shorter of life of mine and useful life. Useful life ranges between 1 and 10 years.
- Buildings are depreciated using shorter of life of mine and useful life. Useful life ranges between 5 and 10 years.
- Office plant and equipment is depreciated over useful lives ranging between 1 and 10 years.

The useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date.

Capital work in progress is not depreciated until it is ready for use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss.

(h) Mineral exploration and evaluation expenditure

Expenditure on acquisition, exploration and evaluation relating to an area of interest is carried forward at cost where rights to tenure of the area of interest are current and;

(i) it is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale and/or;

(ii) exploration and evaluation activities are continuing in an area of interest but at reporting date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Where uncertainty exists as to the future viability of certain areas, the value of the area of interest is written off to the profit and loss or provided against.

Impairment

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment regularly and if after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely or that the Group no longer holds tenure, the relevant capitalised amount is written off to the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the period when the new information becomes available.

(i) Mine properties and development

Expenditure on the acquisition and development of mine properties within an area of interest are carried forward at cost separately for each area of interest. Accumulated expenditure is amortised over the life of the area of interest to which such costs relate on a production output basis.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Impairment

The carrying value of capitalised mine properties and development expenditure is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Refer to Note 3(k) for further discussion on impairment testing performed by the Group.

(j) Deferred stripping

As part of its mining operations, the Group incurs mining stripping (waste removal) costs both during the development and production phase of its operations.

When stripping costs are incurred in the development phase of a mine before the production phase commences (development stripping), such expenditure is capitalised as part of the cost of constructing the mine and subsequently amortised over its useful life using a units of production method, in accordance with the policy applicable to mine properties. The capitalisation of development stripping costs ceases when the mine or relevant component thereof is commissioned and ready for use as intended by management.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Deferred stripping (Continued)

Waste development costs incurred in the production phase creates two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where production stripping costs are incurred and the benefit is improved access to ore to be mined in the future, the costs are recognised as a stripping activity asset within mine properties.

If the costs of the inventory produced and the stripping asset are not separately identifiable, the allocation is undertaken based on the waste-to-ore stripping ratio for the particular ore component concerned. If mining of waste in a period occurs in excess of the expected life-of-component waste-to-ore strip ratio, the excess is recognised as part of the stripping asset. Where mining occurs at or below the expected life-of-component stripping ratio in a period, the entire production stripping cost is allocated to the cost of the ore inventory produced.

Amortisation is provided on the units-of-production method over the life of the identified orebody component. The units-of-production method results in an amortisation charge proportional to the depletion of the economically recoverable mineral resources (comprising proven and probable reserves).

(k) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecasts, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated, based on the life-of-mine plans. The estimated cash flows are based on expected future production, metal selling prices, operating costs and forecast capital expenditure based on life-of-mine plans.

Value in use does not reflect future cash flows associated with improving or enhancing an asset's performance, whereas anticipated enhancements to assets are included in fair value less costs of disposal calculations. Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit and loss. For such properties, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

(l) Impairment of non-financial assets

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(m) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

(i) Operating Leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense in profit and loss on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the financial year in which they are incurred.

(ii) Finance Leases

Leases which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit and loss.

Capitalised leased assets are depreciated over the estimated useful life of the asset or where appropriate, over the estimated life of the mine.

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

(n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Rehabilitation Costs

The Group is required to decommission and rehabilitate mines and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Provisions (Continued)

The expected cost of any approved decommissioning or rehabilitation programme, discounted to its net present value, is provided when the related environmental disturbance occurs. The cost is capitalised when it gives rise to future benefits, whether the rehabilitation activity is expected to occur over the life of the operation or at the time of closure. The capitalised cost is amortised over the life of the operation and the increase in the net present value of the provision for the expected cost is included in financing expenses. Expected decommissioning and rehabilitation costs are based on the discounted value of the estimated future cost of detailed plans prepared for each site. Where there is a change in the expected decommissioning and restoration costs, the value of the provision and any related asset are adjusted and the effect is recognised in profit or loss on a prospective basis over the remaining life of the operation.

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by potential proceeds from the sale of assets or from plant clean up at closure.

(o) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Revenue from contracts with customers

Pre 1 July 2018 accounting policy (before adoption of AASB 15)

Revenue from the sale of goods were recognised when the Group has transferred to the buyer the significant risks and rewards of ownership. Revenue was measured at the fair value of the consideration received or receivable.

Post 1 July 2018 accounting policy (post adoption of AASB 15)

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group primarily generates revenue from the sale of gold and silver bullion. Bullion is sold either under a spot sale contract with the refiner or through forward sale agreements with banks. The only performance obligation under the contract is for the sale of gold or silver bullion. Revenue from bullion sales is recognised at a point in time when control passes to the buyer. This generally occurs after the unrefined doré is outturned and the Group either instructs the refiner to purchase the outturned fine metal or advises the refiner to transfer the gold to the bank by crediting the metal account of the bank. As all performance obligations are satisfied at that time, there are no remaining performance obligations under the contract. The transaction price is determined at transaction date and there are no further adjustments to this price. Forward sale agreements are accounted for as executory sale contracts for which revenue is recognised in the period in which the performance obligation is satisfied under the normal sale and purchase exemption.

Transaction prices for the sale of gold and silver bullion are determined on deal confirmation for spot sales and price within the forward contracts, with no further adjustments to the price.

(q) Interest revenue

Interest income is recognised on a time proportion basis using the effective interest method.

(r) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has the unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(s) Trade and other payables

Trade payables, accruals and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(t) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(u) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Consolidated Statement of Financial Position.

Cash flows are presented in the Consolidated Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(v) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Employee benefits

(i) Superannuation

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are due.

(ii) Short-term benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay when the liabilities are settled, including related on-costs, such as workers compensation insurance and payroll tax.

(iii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(x) Share-based payment transactions

The Group provides benefits to employees (including Directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). The Group has one plan in place that provides these benefits. It is the Long Term Incentive Plan ("LTIP") which provides benefits to all employees including Directors.

In valuing equity-settled transactions, no account is taken of any vesting conditions (such as service conditions), other than conditions linked to the price of the shares of Pantoro Limited (market conditions) if applicable. The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using a Black & Scholes model. Further details of which are given in note 21.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period.

The charge to profit and loss for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not the market condition is fulfilled, provided that all other conditions are satisfied.

If a non-vesting condition is within the control of the Group, Company or the employee, the failure to satisfy the condition is treated as a cancellation. If a non-vesting condition within the control of neither the Group, Company nor employee is not satisfied during the vesting period, any expense for the award not previously recognised is recognised over the remaining vesting period, unless the award is forfeited.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of dilutive earnings per share.

(y) Income Tax

Income tax expense comprises current and deferred tax. Current tax for the period is the expected tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction. Deferred tax is recognised using the full liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and unused tax losses. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax is recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates, which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure deferred tax.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised in other comprehensive income and directly in equity are also recognised in other comprehensive income and directly in equity respectively.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER INCOME

	2019 $	2018 $
Revenue from contracts with customers		
Sale of gold under forward contracts	45,895,375	42,636,678
Sale of gold at spot	30,775,916	36,703,293
Sale of gold under a prepay facility	-	7,405,417
Sale of silver	366,612	436,512
Total revenue from contracts with customers	77,037,903	87,181,900

The prior year comparatives have not been restated for the requirements of AASB 15, refer to Note 2(d)(ii) for the Group's transition method adopted. Payment is received within three days of delivering the gold or silver.

The transaction price allocated to remaining performance obligations unsatisfied under forward contracts at 30 June 2019 is as follows:

Gold forward contracts		
Within 1 year	35,452,000	40,876,811
1 to 2 years	-	13,852,000
	35,452,000	54,728,811

OTHER INCOME		
Interest revenue calculated using the effective interest rate method	137,166	71,688
Realised gain on sale of available-for-sale financial assets	-	33,784
Other income	23,960	239,573
Total other income	**161,126**	**345,045**

5. EXPENSES

	2019 $	2018 $
(a) Cost of Sales		
Salaries, wages expense and other employee benefits	(16,906,249)	(13,773,181)
Superannuation	(1,380,300)	(1,125,775)
Operating lease rentals	(5,453,519)	(4,556,175)
Other production costs net of inventory movements	(32,240,760)	(29,697,515)
Royalties	(1,835,952)	(2,072,100)
Reversal of write down in value of inventories to estimated net realisable value	280,991	287,612
Depreciation and amortisation expense		
Depreciation of non-current assets		
Property, plant and equipment	(2,339,557)	(1,288,328)
Buildings	(82,448)	(68,664)
Amortisation of non-current assets		
Mine properties and development costs	(13,698,337)	(18,068,181)
Total cost of sales	(73,656,131)	(70,362,307)
(b) Other Expenses		
Administration Expenses		
Salaries, wages expense and other employee benefits	(365,857)	(147,715)
Superannuation	(29,950)	(12,081)
Directors' fees and other benefits	(127,075)	(115,522)
Share-based payments	(99,089)	(776,003)
Consulting expenses	(745,795)	(599,616)
Travel and accommodation expenses	(82,288)	(54,931)
Administration costs	(955,811)	(894,375)
Depreciation expense		
Depreciation of non-current assets		
Property, plant and equipment	(14,630)	(4,218)
Total administration expenses	(2,420,495)	(2,604,461)
Other expenses		
Foreign exchange gain/(loss)	79	-
Net loss on disposal of property, plant and equipment	(68,238)	(3,360)
	(68,159)	(3,360)
Total other expenses	(2,488,654)	(2,607,821)
(c) Finance costs		
Interest	(40,217)	(30,251)
Unwinding of rehabilitation provision discount	(52,022)	-
Total finance costs	(92,239)	(30,251)

6. INCOME TAX

	2019 $	2018 $
(a) Major components of income tax expense:		
Income Statement		
Current income tax		
Current income tax (benefit)/expense	-	2,937,077
Adjustments in respect of current income tax of previous years	-	(126,154)
Deferred income tax		
Relating to recoupment of carry forward tax losses in current year	-	(2,937,077)
Relating to origination and reversal of temporary differences in current year	2,983,842	1,315,409
Tax losses recognised to offset net DTL	(2,983,842)	(1,502,417)
Adjustments in respect of deferred income tax of previous years	-	126,154
Income tax expense/(benefit) reported in the statement of profit and loss and other comprehensive income	-	(187,008)
(b) A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Group's applicable tax rate is as follows:		
Accounting profit before tax from continuing operations	832,678	13,756,181
Total accounting profit before income tax	832,678	13,756,181
At statutory income tax rate of 30% (2018: 30%)	249,803	4,126,854
Non-deductible items		
Share based payments	29,727	232,801
(Gain)/loss on acquisition of remaining interest	-	(71,872)
Other non-deductible items	79,053	2,655
Deductible items	(34,049)	(37,952)
Under/over in respect of prior years	-	(126,154)
Previously unrecognised losses recognised in the current year	(324,534)	(4,313,340)
Income tax benefit reported in the statement of comprehensive income	-	(187,008)

(c) Deferred income tax at 30 June relates to the following:

	Statement of financial position		Statement of profit or loss and other comprehensive income	
	2019	2018	2019	2018
Deferred tax liabilities				
Exploration	(1,033,261)	(647,728)	385,533	9,377
Deferred mining	(10,262,189)	(6,943,645)	3,318,544	1,470,254
Mine properties & development	(83,705)	(526,277)	(442,572)	(231,357)
Rehabilitation asset	(746,338)	(308,682)	437,656	44,470
Consumables	(414,686)	(283,376)	131,310	50,715
Prepayments	(128,071)	(82,929)	45,142	26,327
Diesel rebate	(92,453)	(71,058)	21,395	11,058
Gross deferred tax liabilities	**(12,760,703)**	**(8,863,695)**		
Deferred tax assets				
Accelerated depreciation for tax purposes	1,286,495	1,114,213	(172,282)	(35,818)
Inventories	-	159,788	159,788	87,803
Available-for-sale financial assets	48,792	48,792	-	270,462
Accrued expenses	17,908	10,500	(7,408)	(4,200)
Provision for employee entitlements	572,458	379,677	(192,781)	(152,934)
Provision for fringe benefits tax	48	-	(48)	-
Provision for rehabilitation	1,459,885	759,448	(700,437)	(230,748)
Recognised tax losses	9,375,119	6,391,277	(2,983,842)	-
Gross deferred tax assets	**12,760,703**	**8,863,695**		
Net deferred tax liabilities	**-**	**-**		
Deferred tax income/ (expense)			**-**	**1,315,409**

(d) Tax Consolidation and the tax sharing arrangement

The Company and its 100% owned Australian subsidiaries are a tax consolidated group with effect from 1 July 2014. Pantoro Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payments obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

(e) Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group. Deferred taxes are allocated to members of the tax consolidated group in accordance with a group allocation approach which is consistent with the principles of AASB 112 'Income Taxes'.

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the controlled entities intercompany accounts with the tax consolidated group head company, Pantoro Limited. The nature of the tax funding agreement is such that no tax consolidation contributions by or distributions to equity participants are required.

(f) Unrecognised deferred tax assets

At 30 June 2019, there are unrecognised Australian losses of $6,828,699 for the Group (2018: $5,961,917) and unrecognised temporary differences relating to blackhole expenditure of $672,584 (2018: nil).

7. AUDITORS' REMUNERATION

	2019 $	2018 $
Audit services:		
Amounts paid or payable for audit of the financial statements for the company or any entity in the Group.		
- Ernst & Young	87,226	81,350
- Greenwich & Co	788	(4,267)
- Sinton Spence Chartered Accountants (PNG)	8,575	7,787
	96,589	84,870
Taxation services:		
Amounts paid or payable for taxation services performed for the company or any entity in the Group.		
- Ernst & Young	52,500	-
- Greenwich & Co	-	14,000
	52,500	14,000

8. EARNINGS PER SHARE

	2019 $	2018 $
Net profit attributable to ordinary equity holders	832,678	13,756,181
Net profit attributable to ordinary shareholders for diluted earnings per share	832,678	13,756,181
Basic profit per share (cents)	0.10	1.76
Fully diluted profit per share (cents)	0.10	1.75
Weighted average number of ordinary shares for basic earnings per share	868,843,340	782,632,107
Effect of dilution:		
Share options	353,409	3,922,308
Weighted average number of ordinary shares adjusted for the effect of dilution	869,196,749	786,554,415

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

At 30 June 2019, 21,000,000 (2018: 16,580,000) options and 2,000,000 performance rights (2018: 2,500,000) were outstanding which could potentially dilute basic earnings in the future. Of these 7,000,000 (2018: nil) options were excluded from the calculation of diluted earnings per share for the current financial period because they are considered non-dilutive. 2,000,000 (2018: 2,500,000) of the performance rights were excluded from the calculation of diluted earnings per share for the current financial period because they are contingently issuable securities.

On 10 July 2019 the Company issued 100,000,000 ordinary shares in the Company as part consideration for 50% of the Norseman Gold Project.

9. CASH AND CASH EQUIVALENTS

	2019 $	2018 $
Cash at bank	53,696,188	11,758,532
Total	53,696,188	11,758,532
- Refer to note 27 for credit risk disclosures		
Reconciliation of the net profit after tax to net cash flows from operations		
Profit after tax	832,678	13,569,173
Non-cash adjustment to reconcile profit/(loss) before tax to net cash flows:		
Depreciation and amortisation	16,134,972	19,429,391
Gold prepayment physical deliveries	-	(7,405,417)
Share-based payments	99,089	776,003
Unrealised foreign exchange difference	(76)	(3)
Exploration and evaluation expenditure written off	129,327	957,393
Loss on disposal of available-for-sale financial assets	-	(33,784)
(Profit)/loss on disposal of property, plant and equipment	68,238	3,360
Other income	-	(239,573)
Unwinding rehabilitation provision	52,022	33,484
Working capital adjustments:		
(Increase)/decrease in receivables	703,876	487,740
Decrease/(increase) in inventories	151,076	447,388
Increase in trade and other payables	103,697	3,504,900
Increase in provisions	764,024	84,409
Net cash from operating activities	**19,038,923**	**31,614,464**

10 TRADE AND OTHER RECEIVABLES

	2019 $	2018 $
Statutory receivables (i)	1,130,991	999,003
Other debtors (ii)	78,480	119,129
Security bonds (iii)	84,735	96,880
	1,294,206	1,215,012

(i) - Statutory receivables consist of GST input tax credits and diesel fuel tax credits.

(ii) - Other debtors are non-interest bearing.

- The carrying amounts disclosed approximate fair value.

- There are no past due nor impaired receivables at 30 June 2019. The Group has assessed the probability of default as low and the ECL insignificant.

(iii) - Cash deposits used for government tenement bonds, office lease bond and miscellaneous security deposits.

(iv) - All trade and other receivables are classed as recoverable in full. Refer to note 27 for credit risk disclosures.

11 INVENTORIES

	2019 $	2018 $
Ore stocks at net realisable value	720,159	945,353
Gold in circuit at cost	2,144,169	2,507,750
Bars in transit at cost	-	-
Metals account	-	-
Stores and spares at cost	1,390,497	949,652
Provision for obsolete stores and spares	(8,210)	(5,064)
	4,246,615	4,397,691

During the year there were reversals of write downs in inventories to net realisable value of $280,991 (2018: reversal of write downs of $287,612) from continuing operations for the Group as a result of changes to estimated future sale prices of ore stocks. This is included in cost of sales refer to note 5(a).

12 PREPAYMENTS (CURRENT)

	2018 $	2017 $
Current		
Prepayments (i)	824,565	628,240
	824,565	628,240
Non-Current		
Norseman Gold Project deposit (ii)	2,500,000	-
Norseman Gold Project sole spend prior to settlement date (iii)	1,642,417	-
	4,142,417	-

(i) Prepayments primarily relate to payments made for the Groups insurance policy premiums.

(ii) Refundable to the Company on non-satisfaction of specified conditions precedent prior to settlement.

(iii) Refundable to the Company if the agreement is terminated prior to settlement. Refer to note 24 for details on the settlement.

13 PROPERTY, PLANT AND EQUIPMENT

	2019 $	2018 $
Plant and equipment		
Gross carrying amount - at cost	19,516,839	11,774,752
Accumulated depreciation	(5,412,127)	(3,112,139)
Net carrying amount	14,104,712	8,662,613
Land and buildings		
Gross carrying amount - at cost	726,460	618,106
Accumulated depreciation	(243,212)	(160,765)
Net carrying amount	483,248	457,341
Capital work in progress at cost	1,733,477	8,059,194
Total property, plant and equipment	16,321,437	17,179,148
Movement in property, plant and equipment		
Plant and equipment		
Net carrying amount at 1 July	8,662,613	8,065,392
Transfer from capital work in progress	7,864,524	2,193,137
Disposals	(68,238)	(303,360)
Depreciation charge for the year	(2,354,187)	(1,292,556)
Net carrying amount at 30 June	14,104,712	8,662,613

13 PROPERTY, PLANT AND EQUIPMENT

	2019 $	2018 $
Land and buildings		
Net carrying amount at 1 July	457,341	497,470
Transfer from capital work in progress	108,355	28,535
Depreciation charge for the year	(82,448)	(68,664)
Net carrying amount at 30 June	483,248	457,341
Capital works in progress		
At 1 July	8,059,194	1,419,040
Additions	3,820,609	10,524,064
Transfer to mine properties and development	(2,173,447)	(1,662,238)
Transfer to plant and equipment	(7,864,524)	(2,193,137)
Transfer to land and buildings	(108,355)	(28,535)
At 30 June	1,733,477	8,059,194

14 EXPLORATION AND EVALUATION EXPENDITURE

	2019 $	2018 $
Opening balance at 1 July	2,159,094	2,314,845
Expenditure for the year	2,120,058	4,330,703
Exploration and evaluation expenditure written off	(129,290)	(959,878)
Transfer to mine properties and development	-	(3,526,645)
Foreign exchange movements	-	69
Closing balance at 30 June	4,149,862	2,159,094

The ultimate recoupment of costs carried forward in respect of areas of interest in the exploration and evaluation phases is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas. The Company has an interest in certain exploration licences and the amounts shown above include amounts expended to date in the acquisition and/or exploration of those tenements.

Recovery of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. During the year, tenements which were or are to be relinquished or for which no substantial expenditure is planned and no future benefits are expected, have been fully written off. As a result, exploration and evaluation expenditure of $129,327 (2018: $959,878) was written off to the profit and loss. These write downs predominantly relate to the Company's PNG tenements.

15 MINE PROPERTIES AND DEVELOPMENT COSTS

	2019 $	2018 $
Mine properties and development		
Gross carrying amount - at cost	89,086,861	64,389,194
Accumulated amortisation	(52,089,706)	(38,391,369)
Net carrying amount	36,997,155	25,997,825
Net carrying amount at 1 July	25,997,825	22,107,707
Expenditure for the year	20,241,450	16,033,738
Transfer from capital work in progress (refer note 13)	2,173,447	1,662,238
Transfer from exploration and evaluation expenditure	-	3,526,645
Adjustment to rehabilitation provision for a change in conditions	2,282,770	735,678
Amortisation (refer Note 5(a))	(13,698,337)	(18,068,181)
Net carrying amount at 30 June	36,997,155	25,997,825

The amounts above relate primarily to the Halls Creek gold project for underground and open pit mine capital development.

16 TRADE AND OTHER PAYABLES

	2019 $	2018 $
Trade payables (i)	11,778,421	13,260,187
Sundry payables and accrued expenses (ii)	1,969,890	265,369
	13,748,311	13,525,556

(i) Trade payables are non-interest bearing and generally on 30 day terms.

(ii) Sundry payables and accruals are non-interest bearing and generally on 30 day terms.

Due to the short term nature of these payables, their carrying value approximates their fair value.

17 PROVISIONS

	2019 $	2018 $
Current		
Provision for annual leave	1,573,109	1,097,633
Provision for fringe benefits tax payable	159	-
	1,573,268	1,097,633
Non-current		
Provision for long service leave	334,027	164,695
Provision for rehabilitation (i)	4,866,285	2,531,493
	5,200,312	2,696,188

(i) Environmental obligations associated with the retirement or disposal of mining properties and/or of exploration activities are recognised when the disturbance occurs and are based on the extent of the damage incurred. The provision is measured as the present value of the future expenditure. The rehabilitation liability is remeasured at each reporting period in line with the change in the time value of money (recognised as an interest expense in the Consolidated Statement of Profit and Loss and Other Comprehensive Income and an increase in the provision), and additional disturbances/change in the rehabilitation cost are recognised as additions/changes to the corresponding asset and rehabilitation liability.

Movements in provision for rehabilitation	2019 $	2018 $
Opening balance at 1 July	2,531,493	1,762,332
Adjustment due to revised conditions	2,282,770	735,677
Unwind of discount	52,022	33,484
Closing balance at 30 June	4,866,285	2,531,493

18 INTEREST-BEARING LOANS AND BORROWINGS

	2019 $	2018 $
Current		
Insurance premium funding	743,655	579,705
Finance lease liability (see note 22)	35,958	16,000
	779,613	595,705

The insurance premium funding has repayment terms of 12 months from inception.

	2019 $	2018 $
Non-current		
Finance lease liability	8,000	25,333
	8,000	25,333

The carrying amount of the Group's non-current loans and borrowings approximate their fair value.

19 ISSUED CAPITAL

	2019 $	2018 $
(a) Ordinary Shares		
Issued and fully paid	229,029,186	174,992,952

(b) Movements in ordinary shares on issue

	Number	$
At 1 July 2017	**761,659,872**	**173,379,286**
Exercise of options	25,965,272	1,613,666
Performance rights vested	1,750,000	-
At 30 June 2018	**789,375,144**	**174,992,952**
At 1 July 2018	**789,375,144**	**174,992,952**
Placement (1)	65,000,000	13,000,000
Share Purchase Plan (2)	3,525,000	705,000
Placement (3)	215,188,785	43,037,757
Exercise of options	2,355,000	245,700
Performance rights vested	500,000	-
Share issue costs	-	(2,952,223)
At 30 June 2019	**1,075,943,929**	**229,029,186**

(1) On 12 September 2018, the Company completed a share placement of 65,000,000 shares at an issue price of $0.20 per share. Costs of the issue amounted to $674,593.

(2) On 5 October 2018, the Company issued 3,525,000 shares under a share purchase plan at an issue price of $0.20 per share. Costs of the issue amounted to $38,262.

(3) On 21 May 2019, the Company completed a share placement of 215,188,785 shares at an issue price of $0.20 per share. Costs of the issue amounted to $2,239,368.

(c) Terms and conditions of contributed equity

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings. In the event of winding up the Company, the holders are entitled to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

19 ISSUED CAPITAL (CONTINUED)

(d) Options and performance rights outstanding

At balance date there were unissued ordinary shares of the Company under option and performance rights as follows:

Type	Expiry Date	Exercise Price ($)	2019	2018
Unlisted options	30/01/2019	0.10	-	2,250,000
Unlisted options	1/12/2019	0.215	6,050,000	6,050,000
Unlisted options	1/12/2019	0.22	6,050,000	6,050,000
Unlisted options	23/12/2019	0.19	950,000	1,175,000
Unlisted options	23/12/2019	0.20	950,000	1,055,000
Unlisted options	4/07/2022	0.24	3,500,000	-
Unlisted options	4/07/2022	0.25	3,500,000	-
Unlisted performance rights	1/12/2018	nil	-	500,000
Unlisted performance rights	1/12/2019	nil	2,000,000	2,000,000
Total			**23,000,000**	**19,080,000**

(e) Shares issued on exercise of options

Date of option conversion	Number of options	Price per option	Expiry date	Increase in contributed equity
5 July 2018	15,000	19 cents	23 Dec 19	2,850
23 August 2018	15,000	19 cents	23 Dec 19	2,850
19 December 2018	250,000	10 cents	30 Jan 19	25,000
30 January 2019	2,000,000	10 cents	30 Jan 19	200,000
30 January 2019	75,000	20 cents	23 Dec 19	15,000
Total	**2,355,000**			**245,700**

20 RESERVES

	2019 $	2018 $
Options reserve	4,513,958	4,513,958
Share-based payment reserve	3,100,739	3,001,650
Foreign currency translation reserve	(440,903)	(440,716)
	7,173,794	7,074,892

(a) Option reserve

The option reserve records items recognised as expenses on valuation of share options issued to third parties.

(b) Share-based payment reserve

The share-based payment reserve records items recognised as expenses on valuation of the options and performance rights issued to directors and employees.

(c) Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign subsidiaries.

21 SHARE BASED PAYMENTS

	2019 $	2018 $
Share-based payment expenses recognised during the financial year		
Equity settled options/rights - directors	67,721	622,375
Equity settled options/rights - employees/consultants	33,397	162,199
Equity settled options/rights forfeited	(2,029)	(8,571)
	99,089	776,003

The weighted average remaining contractual life of share options and performance rights outstanding at the end of the financial year was 2.22 years (2018: 1.31 years).

Details of share-based payments granted during the 2019 financial year:

(a) On 30 May 2019 3,500,000 options to acquire fully paid ordinary shares in PNR at an exercise price of $0.24 expiring 4 July 2022 were issued to directors subject to the directors remaining in employment with the Group.

(b) On 30 May 2019 3,500,000 options to acquire fully paid ordinary shares in PNR at an exercise price of $0.25 expiring 4 July 2022 were issued to directors subject to the directors remaining in employment with the Group.

Details of share-based payments granted in prior periods yet to vest:

(a) 1,000,000 performance rights to be allotted fully paid ordinary shares when the Company achieves a $300 million market capitalisation for a period of five successive trading days. These rights have an expiry date of 29 November 2019.

(b) 1,000,000 performance rights to be allotted fully paid ordinary shares when the Company achieves production of 40,000 ounces of gold over a six month period. These rights have an expiry date of 29 November 2019.

Value of Options and Rights Granted

The weighted average fair value of options granted during the 2019 financial year was 5.3 cents. The fair value at grant date was estimated using a Black & Scholes model that takes into account the share price at grant date, exercise price, expected volatility, option or right life, expected dividends, the risk free rate, and the fact that the options and rights are not tradeable.

The following table gives the assumptions made in determining the fair value of the options granted:

21 SHARE BASED PAYMENTS (CONTINUED)

2019 Financial Year	Employee Options	Employee Options
Number of options/rights	3,500,000	3,500,000
Pricing model used to calculate fair value	Black-Scholes	Black-Scholes
Consideration paid	nil	nil
Expected life of instruments (yrs)	3.0	3.0
Exercise price	$0.24	$0.25
Grant date	30-May-19	30-May-19
Vesting date	04-Jul-20	04-Jul-21
Expiry date	04-Jul-22	04-Jul-22
Share price at grant date ($)	$0.215	$0.215
Fair value at grant date ($)	$0.054	$0.052
Expected Volatility (%)	50%	50%
Expected dividend yield %	nil	nil
Risk-free interest rate (%)	0.94%	0.94%

The expected volatility was determined using a historical sample of the Company's share price over a twelve month period. The resulting expected volatility therefore reflects the assumptions that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

There were no share-based payments granted during the 2018 financial year.

Summary of share-based payment option/rights issued

The following table illustrates the number and weighted average exercise prices (WAEP) of share-based payment options and rights issued during the financial year.

	2019 Number	2019 WAEP	2018 Number	2018 WAEP
Outstanding at the beginning of the year	19,080,000	0.172	23,030,000	0.155
Expired during the year	-	-	-	-
Granted during the year	7,000,000	0.245	-	-
Forfeited during the year	(225,000)	0.191	(975,000)	0.146
Exercised during the year	(2,855,000)	0.086	(2,975,000)	0.043
Outstanding at the year end	23,000,000	0.205	19,080,000	0.172
Exercisable at the year end	14,000,000	0.214	9,475,000	0.186

22 COMMITMENTS

(a) Capital commitments

At 30 June 2019, the Group has capital commitments that relate principally to the purchase and maintenance of plant and equipment for its mining operations.

Capital expenditure commitments

Estimated capital expenditure contracted for at reporting date, but not recognised as liabilities for the Group:

	2019 $	2018 $
- Within one year	418,230	674,133

(b) Operating lease commitments

The Group has entered into a commercial property lease on office rental. The Group has entered into commercial leases on power generation facilities and underground equipment. These operating leases have an average life of between one month and five years with renewal options included in the contracts. The Group also has leases over the tenements in which the mining operations are located. These tenement leases have a life of between nine months and twenty one years. In order to maintain current rights to explore and mine the tenements, the Group is required to perform minimum exploration work to meet the expenditure requirements specified by the relevant state governing body. There are no restrictions placed on the lessee by entering into these contracts.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2019 $	2018 $
(i) Operating leases - company as lessee		
- Within one year	6,331,700	3,057,909
- After one year but not more than five years	18,247,228	2,857,228
	24,578,928	**5,915,137**
(ii) Mineral tenement leases:		
- Within one year	386,560	374,309
- After one year but not more than five years	786,360	893,269
- After more than five years	861,800	729,000
	2,034,720	**1,996,578**

22 COMMITMENTS (CONTINUED)

(c) Finance lease and hire purchase commitments

The Group has finance leases and hire purchase contracts for various items of plant and machinery. The leases do have terms of renewal but no escalation clauses. Renewals are at the option of the specific entity that holds the lease. The finance and hire purchase contracts have an average term of 12 to 36 months with the right to purchase the asset at the completion of the lease term for a pre-agreed amount.

Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the minimum lease payments are as follows:

	2019	
	Minimum lease payments	Present value of lease payments
Within one year	37,825	35,958
After one year but not more than five years	8,766	8,000
Total minimum lease payments	46,591	43,958
Less amounts representing finance charges	(2,633)	-
Present value of minimum lease payments	43,958	43,958

	2018	
	Minimum lease payments	Present value of lease payments
Within one year	18,993	16,000
After one year but not more than five years	26,298	25,333
Total minimum lease payments	45,291	41,333
Less amounts representing finance charges	(3,958)	-
Present value of minimum lease payments	41,333	41,333

The weighted average interest rate of leases for the Company is 6.23% (2018: 3.18%).

(d) Other commitments

The Company has obligations for various expenditures such as royalties and exploration expenditure. Such expenditures are predominantly related to the earning of revenue in the ordinary course of business.

23 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets at balance date.

24 SUBSEQUENT EVENTS

On 1 July 2019 the Company held a general meeting of shareholders where seven resolutions were voted on with all passed. Resolution 1 was for the approval for the issue of 100,000,000 ordinary shares as part of the consideration for the 50% acquisition of the Norseman Gold Project. Resolutions 2 and 3 were for the ratification of prior placement share issues. Resolution 4, 5 and 6 sought approval to issue options to directors (refer to note 21 for details). Resolution 7 was for an increase in the non-executive director remuneration pool to $350,000.

On 10 July 2019 the Company announced the completion of the 50% acquisition of the Norseman Gold Project with the satisfaction of all conditions precedent and the issue of 100,000,000 ordinary shares and the payment of $7,500,000. Terms of the 50% acquisition are noted below:

- A$10 million in cash, with A$2.5 million deposit paid (refer note 12) to the Vendor on signing of the binding legal document and the balance paid on Completion. (Completed)
- A$20 million equivalent in Pantoro common shares issued to the Vendor at 20 cents per share. (Completed)
- Deferred cash payments to the Vendor comprising A$5 million payable 12 months after Completion and A$10 million payable 24 months after Completion (Ongoing)
- Pantoro is sole funding the first A$50 million of project expenditure. (Ongoing)
- 1% Net Smelter Royalty to the Vendor on Pantoro's attributable gold and silver produced from CNGP, capped at a total of A$6 million plus a 0.0025% royalty for a period of 5 years after the first $6 million is paid. (Ongoing)
- A$10 million milestone payment to the Vendor upon definition of 1.8 Moz JORC Ore Reserve. (Ongoing)

There are no other matters or circumstances that have arisen since the end of the financial year to the date of this report, which have significantly affected, or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years

25 PARENT ENTITY INFORMATION

The following information relates to the parent entity, Pantoro Ltd. The information presented here has been prepared using consistent accounting policies as presented in Note 3.

	2019 $	2018 $
Current assets	53,461,636	8,307,352
Non-current assets	20,818,564	27,164,861
Total assets	74,280,200	35,472,213
Current liabilities	1,166,984	858,396
Non-current liabilities	11,152,950	-
Total liabilities	12,319,934	858,396
Net assets	61,960,266	34,613,817
Issued capital	229,029,186	174,992,953
Accumulated losses	(174,683,616)	(147,894,744)
Option premium reserve	4,513,958	4,513,958
Share-based payments reserve	3,100,738	3,001,650
Total shareholders' equity	61,960,266	34,613,817
Net loss of the parent entity	8,930,728	3,704,459
Total comprehensive income for the year	8,930,728	3,704,459

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

Pantoro Limited and certain Australian controlled entities are parties to a Deed of Cross Guarantee (the Deed) as disclosed in note 26.

Contingent liabilities of the parent entity

Nil

Contractual commitments by the parent entity for the acquisition of property, plant or equipment

Nil

26 DEED OF CROSS GUARANTEE

The subsidiaries identified with a '*' in note 29 are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the Deed, the wholly owned entities have been relieved from the requirements to prepare financial report and directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

These subsidiaries and Pantoro Limited together referred to as the 'Closed Group', entered into the Deed on 13 June 2019. The effect of the Deed is that each party to it has guaranteed to pay any deficiency in the event of the winding up of any of the entities in the Closed Group.

Consolidated statement of profit or loss and other comprehensive income

The consolidated statement of profit or loss and other comprehensive income for the entities that are members of the Closed Group is as follows:

	Deed 2019 $	Deed 2018 $
Revenue	77,037,903	87,181,900
Cost of sales	(73,656,131)	(70,362,307)
Gross profit	**3,381,772**	**16,819,593**
Other income	161,126	344,884
Other expenses	(2,470,093)	(4,400,802)
Finance costs	(92,239)	(30,182)
Impairment recognised	(7,059,218)	-
Exploration and evaluation expenditure written off	(43,070)	-
(Loss)/profit before income tax	**(6,121,722)**	**12,733,493**
Income tax expense	-	-
(Loss)/profit after income tax	**(6,121,722)**	**12,733,493**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	-	-
Other comprehensive profit for the year, net of tax	**-**	**-**
Total comprehensive (loss)/profit for the year, net of tax	**(6,121,722)**	**12,733,493**
Summary of movements in retained earnings		
At 1 July		
Retained earnings at the beginning of the year	(123,439,320)	(136,172,813)
New accounting standards adjustment to opening balances	(17,858,143)	-
Restated at 1 July	(141,297,463)	(136,172,813)
(Loss)/Profit for the year	(6,121,722)	12,733,493
At 30 June	(147,419,185)	(123,439,320)

26 DEED OF CROSS GUARANTEE (CONTINUED)

Consolidated statement of financial position

The consolidated statement of financial position for the entities that are members of the Closed Group is as follows:

	Deed 30 June 19 $	Deed 30 Jun 18 $
CURRENT ASSETS		
Cash and cash equivalents	53,685,786	11,722,090
Trade and other receivables	1,284,814	1,195,054
Inventories	4,246,615	4,397,691
Prepayments	824,487	626,366
Total current assets	**60,041,702**	**17,941,201**
NON-CURRENT ASSETS		
Other receivables	-	17,858,144
Prepayments	4,142,417	-
Property, plant and equipment	16,321,437	17,179,148
Exploration and evaluation expenditure	4,149,862	2,159,093
Mine properties and development costs	36,997,156	25,997,825
Investments in subsidiaries	-	6,999,190
Total non-current assets	**61,610,872**	**70,193,400**
TOTAL ASSETS	**121,652,574**	**88,134,601**
CURRENT LIABILITIES		
Trade and other payables	13,713,733	13,497,552
Provisions	1,573,268	1,097,633
Interest-bearing loans and borrowings	779,613	595,705
Total current liabilities	**16,066,614**	**15,190,890**
NON-CURRENT LIABILITIES		
Other Payables	11,152,950	11,152,950
Provisions	5,200,312	2,696,188
Interest-bearing loans and borrowings	8,000	25,333
Total non-current liabilities	**16,361,262**	**13,874,471**
TOTAL LIABILITIES	**32,427,876**	**29,065,361**
NET ASSETS	**89,224,698**	**59,069,240**
EQUITY		
Issued capital	229,029,186	174,992,952
Reserves	7,614,697	7,515,608
Accumulated losses	(147,419,185)	(123,439,320)
TOTAL EQUITY	**89,224,698**	**59,069,240**

27 FINANCIAL RISK MANAGEMENT

Overview

This note presents information about the Group's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. The Group's principal financial instruments comprise receivables, payables, interest-bearing loans and borrowings and cash and short-term deposits.

The Group uses gold forwards to manage its exposure to commodity price fluctuations. Exposure limits are reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables and cash held at financial institutions.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

		Carrying amount	
		2019	2018
Financial assets at amortised cost	**Note**	**$**	**$**
Cash and cash equivalents	9	53,696,188	11,758,532
Trade and other receivables	10	163,215	216,009

Cash and cash equivalents

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating. All cash is held with Commonwealth and ANZ banks, which are Australian banks with credit ratings of AA- (Standard & Poor's) and AA- (Standard & Poor's) respectively.

Trade and other receivables

As the Group operates primarily in gold mining and exploration activities, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables. The Group's other receivables relate to other debtors and security deposits.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Group's external borrowings are only in relation to its insurance premium funding facilities as disclosed in note 18.

The remaining contractual maturities of the Group's financial liabilities are:

	2019	2018
6 months or less	(14,297,005)	(13,940,577)
6 - 12 months	(267,986)	(211,497)
1 - 5 years	(9,566)	(28,698)
Over 5 years	-	-
	(14,574,557)	**(14,180,772)**

27 FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk

The Group is exposed to fluctuations in foreign currencies arising from the purchase of goods and services in currencies other than the transacting entity's functional currency. The Group's exposure to foreign currency risk is however not considered to be significant.

Interest rate risk

The Group's exposure to risks of changes in market interest rates relate primarily to the Group's interest-bearing liabilities and cash balances. The level of debt is disclosed in note 18. The Group's policy is to manage its interest cost using fixed rate debt. Therefore, the Group does not have any variable interest rate risk on its debt. The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. The Group's exposure to interest rate risk is not considered to be significant.

At the reporting date, the Group's exposure to interest rate risk for classes of financial assets and financial liabilities is set out below.

2019	Floating interest rate	Fixed interest	Non-interest bearing	Total carrying amount
Financial assets - amortised cost				
Cash and cash equivalents	517,674	53,178,514	-	53,696,188
Trade and other receivables	-	-	163,215	163,215
	517,674	**53,178,514**	**163,215**	**53,859,403**
Financial liabilities - amortised cost				
Trade and other payables	-	-	(13,748,311)	(13,748,311)
Interest-bearing liabilities	-	(787,613)	-	(787,613)
	-	**(787,613)**	**(13,748,311)**	**(14,535,924)**
Net financial liabilities				**39,323,479**

2018	Floating interest rate	Fixed interest	Non-interest bearing	Total carrying amount
Financial assets - loans and receivables				
Cash and cash equivalents	11,758,532	-	-	11,758,532
Trade and other receivables	-	-	216,009	216,009
	11,758,532	**-**	**216,009**	**11,974,541**
Financial liabilities - amortised cost				
Trade and other payables	-	-	(13,525,556)	(13,525,556)
Interest bearing liabilities	-	(621,038)	-	(621,038)
	-	**(621,038)**	**(13,525,556)**	**(14,146,594)**
Net financial liabilities				**(2,172,053)**

Commodity price risk

The Group's revenues are exposed to commodity price fluctuations. The Group manages this risk through the use of gold forward contracts. As at reporting date, the Group had unrecognised sales contracts for 20,000 ounces of gold at an average price of A$1,773 per ounce ending April 2020, which the Group will deliver physical gold to settle. There is therefore no exposure on recognised financial instruments at the balance sheet date.

Fair values

For all financial assets and liabilities recognised in the Consolidated Statement of Financial Position, carrying amount approximates fair value unless otherwise stated in the applicable notes.

The methods for estimating fair value are outlined in the relevant notes to the financial statements.

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 - the fair value is estimated using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from price).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The are no financial instruments that are measured at fair value during the year.

Transfer between categories

There were no transfers between Level 1 and Level 2, and no transfers into and out of Level 3 fair value measurement.

Changes in liabilities arising from financing activities

	1 July 2018	Cash flows	New leases	Reclassification adjustment	30 June 2019
Current obligations under finance leases	16,000	(55,875)	74,500	1,333	35,958
Current obligations under insurance premium funding	579,705	(827,589)	991,539	-	743,655
Non-current obligations under finance leases	25,333	(16,000)	-	(1,333)	8,000
Total liabilities from financing activities	**621,038**	**(899,464)**	**1,066,039**	**-**	**787,613**

	1 July 2017	Cash flows	New leases	Reclassification adjustment	30 June 2018
Current obligations under finance leases	-	(6,667)	16,000	6,667	16,000
Current obligations under insurance premium funding	448,604	(641,839)	772,940	-	579,705
Non-current obligations under finance leases	-	-	32,000	(6,667)	25,333
Total liabilities from financing activities	**448,604**	**(648,506)**	**820,940**	**-**	**621,038**

28 OPERATING SEGMENTS

For management purposes, the Group now has a single operating segment being the Nicolsons gold project.

Executive management no longer monitor PNG exploration separately due to minor level of activity taking place, the exploration assets being fully written off with minimal on going expenditure.

Segment revenue is all derived from within Australia with all gold and silver being sold to The Perth Mint or delivered into forward sales contracts or gold prepayment facility with its Australian banker. In the current year, this accounted for 40% and 60% of external revenue respectively (2018: 43% and 57%).

Non-current assets are all located within Australia.

29 RELATED PARTY DISCLOSURES

(a) Subsidiaries

The consolidated financial statements include the financial statements of Pantoro Limited and the subsidiaries listed in the following table:

Name	Country of incorporation	Percentage Owned 2019	Percentage Owned 2018
Chrome Holdings SA Pty Ltd	Australia	100%	100%
Halls Creek Mining Pty Ltd *	Australia	100%	100%
Pacific Niugini Minerals Pty Ltd	Australia	100%	100%
Pacific Niugini Minerals (PNG) Ltd	PNG	100%	100%
Pantoro South Pty Ltd * (1)	Australia	100%	0%

* An ASIC-approved Deed of Cross Guarantee has been entered into by Pantoro Limited and these entities.

(1) Incorporated 18 April 2019

On 23 August 2017, the Group de-registered its Mexican subsidiary, Sonora Australia Mining SA DE CV.

(b) Ultimate Parent

The group ultimate parent company is Pantoro Limited.

(c) Key Management Personnel

Disclosures relating to key management personnel are set out in the remuneration report in the Directors' Report.

30 KEY MANAGEMENT PERSONNEL

(a) Key Management Personnel

(i) Non-Executive Directors ("NEDs")

		Appointed	Resigned
ML Jefferies	Non-Executive Chairman	5 October 2016	-
K Edwards	Non-Executive Director	5 October 2016	-

(ii) Executive Directors

		Appointed	Resigned
PM Cmrlec [1]	Managing Director	1 June 2010	-
SJ Huffadine [2]	Operations Director	15 March 2016	-

(iii) Other Executives ("KMPs")

		Appointed	Resigned
SM Balloch	CFO	31 October 2014	-
DW Okeby	Company Secretary	31 October 2014	-

(1) Mr Cmrlec was appointed as a Non-Executive Director on 1 June 2010 and appointed Managing Director on 4 April 2011. From 1 April 2019 Mr Cmrlec accepted a permanent employment contract with the Company. Prior to this Mr Cmrlec's services were provided under a service contract with Berrimil Services Pty Ltd.

(2) Mr Huffadine commenced employment with the Company on 18 January 2016 and was appointed Operations Director on 15 March 2016.

There are no other changes of the key management personnel after the reporting date and before the date the financial report was authorised for issue.

(b) Compensation of key management personnel

	2019 $	2018 $
Short-term employee benefits [1]	1,204,925	944,873
Post-employment benefits	63,951	40,824
Other long-term benefits	14,375	6,639
Share-based payments	83,701	692,983
	1,366,952	1,685,319

(1) Managing Director Paul Cmrlec services were provided under a contract with Berrimil Services Pty Ltd until 31 March 2019. Fees paid to Berrimil Services Pty Ltd are included in the short-term employee benefits amounts.

The amounts disclosed in the table are the amounts recognised as an expense during the period related to key management personnel.

(c) Loans to key management personnel

There were no loans to key management personnel during the current or previous financial year

30 KEY MANAGEMENT PERSONNEL (CONTINUED)

(d) Interest held by Key Management Personnel under the Long Term Incentive Plan

Performance rights held by key management personnel under the long term incentive plan to purchase ordinary shares:

Grant date	Expiry date	Exercise price $	2019	2018
1/12/2016	1/12/2018	Nil	-	500,000
1/12/2016	1/12/2019	Nil	2,000,000	2,000,000
Total			**2,000,000**	**2,500,000**

Share options held by key management personnel under the long term incentive plan to purchase ordinary shares:

Grant date	Expiry date	Exercise price $	2018	2017
8/2/2016	30/1/2019	0.10	-	2,000,000
1/12/2016	1/12/2019	0.215	6,000,000	6,000,000
1/12/2016	1/12/2019	0.22	6,000,000	6,000,000
30/5/2019	4/7/2022	0.24	3,500,000	-
30/5/2019	4/7/2022	0.25	3,500,000	-
Total			**19,000,000**	**14,000,000**

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2019

In the directors' opinion:

(a) the financial statements and notes of the Company and of the Group are in accordance with the *Corporations Act 2001* including:

  (i) comply with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

  (ii) give a true and fair view of the Company's and Group's financial position as at 30 June 2019 and of the performance for the year ended on that date; and

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(b); and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(d) This declaration has been made after receiving declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2019.

(e) In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group comprising the company and the controlled entities marked '*' as identified in note 29(a) will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee referred to in note 26.

This declaration is made in accordance with a resolution of the Board of Directors.

Paul Cmrlec
Managing Director

Dated 27 September 2019

INDEPENDENT AUDITOR'S REPORT

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Independent auditor's report to the members of Pantoro Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Pantoro Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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1. Carrying value of non-current assets

Why significant	How our audit addressed the key audit matter
At 30 June 2019, the Group had non-current assets comprising mine properties and development costs of $36,997,155, property, plant and equipment of $16,321,437 and exploration and evaluation expenditure of $4,149,862. Australian Accounting Standards and the Group's accounting policy require the Group assess, throughout the reporting period, whether there is any indication that an asset may be impaired. If any such indication exists, the Group is required to estimate the recoverable amount of the assets. The Group performed an impairment indicator assessment and concluded that an impairment indicator was present as at 30 June 2019. Accordingly, the Group performed an impairment assessment and based on this assessment concluded that an impairment loss was not required. We consider this to be a key audit matter because of the significant judgment and estimates involved in the determination of the recoverable amount of the non-current assets including assumptions relating to future gold prices, operating and capital costs and an appropriate discount rate to reflect the risk associated with the forecast cash flows having regard to the current status of the project.	We assessed the reasonableness of the Group's impairment assessment process and the resultant recoverable value determination for its non-current assets. Our audit procedures included the following: ► Evaluated the assumptions and methodologies used by the Group, in particular, those relating to forecast cash flows and inputs used to formulate them. This included assessing, with involvement from our valuation specialists, where appropriate, the gold prices with reference to market prices, historical performance and the discount rate. ► Tested the mathematical accuracy of the Group's discounted cash flow impairment model and agreed relevant data, including assumptions on timing and future capital and operating expenditure, to the Group's latest approved life of mine plan. ► Assessed the work of the Group's internal experts with respect to the capital and operating assumptions used in the cash flow forecasts. ► Assessed the work of the Group's experts with respect to the reserve assumptions used in the cash flow forecasts. This included understanding the reserve estimation process. We also examined the competence, qualifications and objectivity of the Group's experts, and assessed whether key reserve economic assumptions were consistent with those used elsewhere in the financial report. ► Assessed the impact of a range of sensitivities to the economic assumptions underpinning the Group's impairment assessment. ► Considered the Group's assessment of indicators of impairment of exploration and evaluation assets in accordance with AASB 6 Exploration for and Evaluation of Mineral Resource. This included testing of material areas of interest with capitalized costs as at 30 June 2019 to assess whether rights to tenure are current and whether there are active and significant continuing exploration and evaluation activities in the area. ► Evaluated the adequacy of the Group's disclosures with respect to the impairment assessment for the non-current assets.

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Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2019 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Pantoro Limited for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

INDEPENDENT AUDITOR'S REPORT

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Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Philip Teale
Partner
Perth
27 September 2019

CORPORATE GOVERNANCE STATEMENT

Current as at 27 September 2019 and approved by the board.

This Corporate Governance Statement discloses the extent to which the Company will, as at the date it is re-admitted to the official list of the ASX, follow the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations (Recommendations). The Recommendations are not mandatory, however the Recommendations that will not be followed have been identified and reasons provided for not following them along with what (if any) alternative governance practices the Company intends to adopt in lieu of the recommendation.

The Company has adopted a Corporate Governance Plan which provides the written terms of reference for the Company's corporate governance duties.

Due to the current size and nature of the existing Board and the magnitude of the Company's operations, the Board does not consider that the Company will gain any benefit from individual Board committees and that its resources would be better utilised in other areas as the Board is of the strong view that at this stage the experience and skill set of the current Board is sufficient to perform these roles. Under the Company's Board Charter, the duties that would ordinarily be assigned to individual committees are currently carried out by the full Board under the written terms of reference for those committees.

The Company's Corporate Governance Charters, Policies & Procedures are available on the Company's website at http://www.pantoro.com.au/

The table below summarises the Company's compliance with the ASX Corporate Governance Council's Principles and Recommendations:

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
Principle 1: lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the Board, the Chair and management, and includes a description of those matters expressly reserved to the Board and those delegated to management.	Yes	The Company has adopted a Board Charter that sets out the specific roles and responsibilities of the Board, the Chair and management and includes a description of those matters expressly reserved to the Board and those delegated to management. The Board Charter sets out the role and specific responsibilities of the Board, requirements as to the Board's composition, the roles and responsibilities of individual Directors, the Chairman and Managing Director, as well as the roles and responsibilities of Executive Directors, Non-Executive Directors and management, details of the Board's relationship with management, details of the Board's performance review, and details of the Directors' right to seek independent advice. A copy of the Company's Board Charter is available on the Company's website.

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
Recommendation 1.2 A listed entity should: (a) (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and (b) (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a Director.	Yes	(a) The Company has guidelines for the appointment and selection of the Board in its Nomination Charter. The Statement of Selection, Appointment and Re-Election of Directors Charter requires the Board to ensure appropriate checks are undertaken before appointing a Director (including a review of qualifications, capabilities, ability to serve, conflicts of interest and other relevant factors). (b) All material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders in the Notice of Meeting containing the resolution to elect or re-elect a Director. (c) Guidelines for evaluating Board candidates and recommending individuals for Board appointments are set out in the Company's Statement of Selection, Appointment and Re-Election of Directors Policy which is available on the Company's website.
Recommendation 1.3 A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.	Partially	Although not prescribed under the Company's corporate governance charters, polices or procedures, the Company ensures that each Director is a party to a written agreement with the Company which sets out the terms of that Director's appointment. The Company has written agreements with each of its Directors and the Chief Financial Officer. The Company's Company Secretary is engaged through a service agreement with Westgold Resources Limited.
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.	Yes	The Board Charter sets out that the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
Recommendation 1.5 A listed entity should: (a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary or it; and (c) disclose as at the end of each reporting period: (i) the measurable objectives for achieving gender diversity set by the Board in accordance with the entity's diversity policy and its progress towards achieving them; and (ii) either: • the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or • if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in the Workplace Gender Equality Act.	Partially	(a) The Company has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect of gender diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives and to assess annually both the objectives if any have been set and the Company's progress in achieving them. (b) The Diversity Policy is available on the Company's website. (c) (i) The Board does not presently intend to set measurable gender diversity objectives because: • - the Board does not anticipate there will be a need to appoint any new Directors or senior executives due to limited nature of the Company's existing and proposed activities and the Board's view that the existing Directors and senior executives have sufficient skill and experience to carry out the Company's plans; and • - if it becomes necessary to appoint any new Directors or senior executives, the Board considered the application of a measurable gender diversity objective requiring a specified proportion of women on the Board and in senior executive roles will, given the small size of the Company and the Board, unduly limit the Company from applying the Diversity Policy as a whole and the Company's policy of appointing based on skills and merit: and (ii) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes) for each financial year will be disclosed in the Company's Annual Report.
Recommendation 1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	(a) The Board is responsible for evaluating the performance of the Board, its committees and individual Directors on an annual basis. The process for this is set out in the Company's Board Performance Evaluation Policy, which is available on the Company's website. (b) The Company will complete performance evaluations in respect of the Board, its committees (if any) and individual Directors for each financial year in accordance with the above process.

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
Recommendation 1.7 A listed entity should: (c) have and disclose a process for periodically evaluating the performance of its senior executives; and (a) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	(a) The Board is responsible for evaluating the performance of the Company's senior executives on an annual basis. The Board is responsible for evaluating the remuneration of the Company's senior executives on an annual basis. A senior executive, for these purposes, means key management personnel (as defined in the Corporations Act) other than a non executive Director. The applicable processes for these evaluations can be found in the Company's Board Performance Evaluation Policy and Remuneration Charter which are both available on the Company's website. (b) The Company completes performance evaluations in respect of senior executives for the financial year in accordance with the above process.
Principle 2: Structure the Board to add value		
Recommendation 2.1 The Board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.	Yes	(a) The Company does not have a Nomination Committee. (b) The Company does not have a Nomination Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Nomination Committee under the Nomination Charter, including the following processes to address succession issues and to ensure the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively: (i) devoting time at least annually to discuss Board succession issues and updating the Company's Board skills matrix; and (ii) all Board members being involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules.

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
Recommendation 2.2 A listed entity should have and disclose a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	No	(a) Under the Nomination Charter and the Statement of Selection, Appointment and Re-election of Directors, the Board is required to implement processes to assess the necessary and desirable competencies of Board members, including, experience, expertise, skills, diversity and performance of the Board and its committees to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction. (b) Full details as to each Director and senior executive's relevant skills and experience are available in the Company's Annual Report and on the Company's website.
Recommendation 2.3 A listed entity should disclose: (a) the names of the Directors considered by the Board to be independent Directors; (b) if a Director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and (c) the length of service of each Director	Yes	(a) The Board Charter requires the disclosure of the names of Directors considered by the Board to be independent. The Company will disclose those Directors it considers to be independent in its Annual Report and on its ASX website. (b) The Company will disclose in its Annual Report and ASX website any instances where this applies and an explanation of the Board's opinion why the relevant Director is still considered to be independent. (c) The Company's Annual Report will disclose the length of service of each Director, as at the end of each financial year. The Company considers the Chairman Michael Jefferies to be independent. Mr Jefferies has served with the Company since 5 October 2016. Mr Jefferies are not a member of management and are is free of any business or other relationship that could materially interfere with - or could reasonably be perceived to materially interfere with - the independent exercise of their judgement.
(d) Recommendation 2.4 (e) A majority of the Board of a listed entity should be independent Directors.	No	The Company's Board Charter sets out the Company's priority to achieve an appropriate balance between independent and non-independent representation on the Board. The Board currently comprises a total of four directors, one whom one is considered to be independent. As such, independent directors are not currently a majority of the Board. The Board does not currently consider an independent majority of the Board to be appropriate given: (a) the speculative nature of the Company's business, and its limited scale of activities, means the Company only needs, and can only commercially sustain, a small Board of four (4) Directors and no senior executives other than the executive Director(s), Company Secretary and CFO; (b) the Company considers at least one (1) Director needs to be an executive Directors for the Company to be effectively managed; (c) the Company considers it necessary, given its speculative and small scale activities, to attract and retain suitable Directors by offering Directors an interest in the Company; and (d) the Company considers it appropriate to provide remuneration to its Directors in the form of securities in order to conserve its limited cash reserves.

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
Recommendation 2.5 The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.	Yes	The Chairman of the Company is an independent Director.
Recommendation 2.6 A listed entity should have a program for inducting new Directors and providing appropriate professional development opportunities for continuing Directors to develop and maintain the skills and knowledge needed to perform their role as a Director effectively.	Yes	In accordance with the Company's Nomination Charter and Board Charter, the Board is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.
Principle 3: Act ethically and responsibly		
Recommendation 3.1 A listed entity should: (a) have a code of conduct for its Directors, senior executives and employees; and (b) disclose that code or a summary of	Yes	(a) The Company's Employee Code of Conduct applies to the Company's Directors, senior executives and employees. The company also has a Directors and Executive Officers Code of Conduct which sets ethical standards for the Board and Executive Officers. (b) The Company's Employee Code of Conduct and the Directors and Executive Officers Code of Conduct are available on the Company's website.

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
Principle 4: Safeguard integrity in financial reporting		
Recommendation 4.1 The Board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and (ii) is chaired by an independent Director, who is not the Chair of the Board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Yes	(a) The Company does not have an Audit Committee. (b) The Company does not have an Audit Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Audit Charter and Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit Committee under the Audit Charter including the following processes to independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner: (i) the Board devotes time at annual Board meetings to fulfilling the roles and responsibilities associated with maintaining the Company's audit function and arrangements with external auditors; and (ii) all members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.
Recommendation 4.2 The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes	The Company's Audit Charter requires the Board to review and approve the Company's annual financial report. The Company obtains a Managing Director and CFO sign off on these terms for each of its financial statements in each financial year.

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	The Company will ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Yes	(a) The ASX Disclosure Policy provides details the Company's disclosure requirements as required by the ASX Listing Rules and other relevant legislation. (b) The ASX Disclosure Policy is available on the Company website.
Principle 6: Respect the rights of security holders		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	Yes	Information about the Company and its governance is available in the Corporate Governance Charters, Policies and Procedures which can be found on the Company's website.
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	The Company has adopted a Shareholder Communication Policy which aims to promote and facilitate effective two-way communication with investors. The Policy outlines a range of ways in which information is communicated to shareholders and is available on the Company's website.
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	Shareholders are encouraged to participate at all general meetings and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material stating that all Shareholders are encouraged to participate at the meeting.
Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	The Shareholder Communication Policy provides that security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted. Shareholders queries should be referred to the Company Secretary at first instance.

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
Principle 7: Recognise and manage risk		
Recommendation 7.1 The Board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.	Yes	(a) The Company does not have a Risk Committee. A copy of the Risk Management Policy is available on the Company's website. (b) The Company does not have a Risk Committee as the Board consider the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by a Risk Committee under the Risk Management Policy including the following processes to oversee the entity's risk management framework: (i) The Managing Director is accountable to the Board, for ensuring that the risk management system is implemented and maintained in accordance with the Risk Management Policy. Assignment of responsibilities in relation to risk management is the prerogative of the Board. (ii) Senior Executives are accountable for strategic risk management within areas under their control including the dissemination of the risk management process to operational managers. Collectively the Senior Executive is responsible for: • The formal identification of strategic risks that impact upon the Company; • Allocation of priorities; • The development of strategic risk management plans; • The Senior Executive review progress against agreed risk management plans.
Recommendation 7.2 The Board or a committee of the Board should: (a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound; and (b) disclose in relation to each reporting period, whether such a review has taken place.	Yes	(a) The Risk Management Policy requires that the Board should, at least annually, satisfy itself that the Company's risk management framework continues to be sound. (b) A review of the Company's Risk Management Policy was undertaken by the Board during the year when it reviewed the Company's Corporate Governance Policies and Statements.

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
Recommendation 7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Yes	(a) The Audit Charter provides for the Board to monitor the need for an internal audit function. The Company does not currently have an internal audit function due to its size. The monitoring function is structured as follows: (i) The Board shall discuss with management and the external auditors the adequacy and effectiveness of the accounting and financial controls, including the Company's policies and procedures to assess, monitor, and manage business risk, and legal and ethical compliance programs (eg the Company's Codes of Conduct). (ii) Any opinion obtained from the external auditors on the Company's choice of accounting policies or methods should include an opinion on the appropriateness and not just the acceptability of that choice or method. (iii) The Board shall periodically meet separately with management and the external auditors to discuss issues and concerns warranting committee attention, including but not limited to their assessments of the effectiveness of internal controls and the process for improvement. (iv) The Board shall receive regular reports from the external auditor on the critical policies and practices of the Company, and all alternative treatments of financial information, within generally accepted accounting principles, that have been discussed with management.
Recommendation 7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	The Risk Management Policy requires the Board to assist management determine whether the Company has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. Although not prescribed under the Company's Corporate Governance Charters, Polices and Procedures, the Company will disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. The Company will disclose this information in its Annual Report and on its ASX website as part of its continuous disclosure obligations.

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1 The Board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Yes	(a) The Company does not have a Remuneration Committee. (b) The Company does not have a Remuneration Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Remuneration Committee under the Remuneration Charter including the following processes to set the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive the Board devotes time at the annual Board meeting to assess the level and composition of remuneration for Directors and senior executives.
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives and ensure that the different roles and responsibilities of non-executive Directors compared to executive Directors and other senior executives are reflected in the level and composition of their remuneration.	Yes	Although not prescribed under the Company's Corporate Governance Charters, Polices and Procedures, the Board will disclose its policies and practices regarding the remuneration of Directors and senior executives, which is disclosed in the Company's Annual Report.
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	No	(a) The Company has an equity based remuneration plan being the Pantoro Limited Long Term Incentive Plan under which options and performance rights may be granted. The Company does not have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

INTERESTS IN MINING TENEMENTS

AS AT 25 SEPTEMBER 2019

Halls Creek, Western Australia	Status	Interest %
E80/2601	Granted	100%
E80/3861	Granted	100%
E80/4458	Granted	100%
E80/4459	Granted	100%
E80/4952	Granted	100%
E80/4958	Granted	100%
E80/4991	Granted	100%
E80/5003	Granted	100%
E80/5004	Granted	100%
E80/5005	Granted	100%
E80/5006	Granted	100%
E80/5054	Granted	100%
E80/5150	Granted	100%
E80/5185	Application	100%
E80/5324	Granted	100%
L80/70	Granted	100%
L80/71	Granted	100%
L80/94	Granted	100%
L80/97	Application	100%
M80/343	Granted	100%
M80/355	Granted	100%
M80/359	Granted	100%
M80/362	Granted	100%
M80/471	Granted	100%
M80/503	Granted	100%
P80/1842	Granted	100%
P80/1843	Granted	100%
P80/1844	Granted	100%
P80/1845	Granted	100%
P80/1846	Granted	100%

Norseman, Western Australia	Status	Interest %
E63/1042	Granted	50%
E63/1640	Granted	50%
E63/1641	Granted	50%
E63/1642	Granted	50%
E63/1759	Application	50%
E63/1919	Application	50%
E63/1920	Application	50%
E63/1921	Application	50%
E63/1969	Application	50%
E63/1970	Application	50%
E63/1975	Application	50%
L63/12	Granted	50%
L63/13	Granted	50%
L63/14	Granted	50%
L63/17	Granted	50%
L63/19	Granted	50%
L63/32	Granted	50%
L63/34	Granted	50%
L63/35	Granted	50%
L63/36	Granted	50%
L63/37	Granted	50%
L63/38	Granted	50%
L63/39	Granted	50%
L63/40	Granted	50%
L63/41	Granted	50%
L63/56	Granted	50%
L63/74	Application	50%
M63/100	Granted	50%
M63/105	Granted	50%
M63/108	Granted	50%
M63/11	Granted	50%
M63/110	Granted	50%
M63/112	Granted	50%
M63/114	Granted	50%
M63/115	Granted	50%
M63/116	Granted	50%

Norseman, Western Australia	Status	Interest %
M63/118	Granted	50%
M63/119	Granted	50%
M63/120	Granted	50%
M63/122	Granted	50%
M63/125	Granted	50%
M63/126	Granted	50%
M63/127	Granted	50%
M63/128	Granted	50%
M63/129	Granted	50%
M63/13	Granted	50%
M63/130	Granted	50%
M63/133	Granted	50%
M63/134	Granted	50%
M63/136	Granted	50%
M63/137	Granted	50%
M63/138	Granted	50%
M63/14	Granted	50%
M63/140	Granted	50%
M63/141	Granted	50%
M63/142	Granted	50%
M63/145	Granted	50%
M63/15	Granted	50%
M63/152	Granted	50%
M63/155	Granted	50%
M63/156	Granted	50%
M63/160	Granted	50%
M63/164	Granted	50%
M63/173	Granted	50%
M63/174	Granted	50%
M63/178	Granted	50%
M63/180	Granted	50%
M63/182	Granted	50%
M63/184	Granted	50%
M63/187	Granted	50%
M63/189	Granted	50%
M63/190	Granted	50%

Norseman, Western Australia	Status	Interest %
M63/204	Granted	50%
M63/207	Granted	50%
M63/213	Granted	50%
M63/214	Granted	50%
M63/218	Granted	50%
M63/219	Granted	50%
M63/220	Granted	50%
M63/224	Granted	50%
M63/231	Granted	50%
M63/232	Granted	50%
M63/233	Granted	50%
M63/257	Granted	50%
M63/258	Granted	50%
M63/259	Granted	50%
M63/26	Granted	50%
M63/265	Granted	50%
M63/272	Granted	50%
M63/273	Granted	50%
M63/274	Granted	50%
M63/275	Granted	50%
M63/29	Granted	50%
M63/315	Granted	50%
M63/316	Granted	50%
M63/325	Granted	50%
M63/326	Granted	50%
M63/327	Granted	50%
M63/35	Granted	50%
M63/36	Granted	50%
M63/40	Granted	50%
M63/41	Granted	50%
M63/42	Granted	50%
M63/43	Granted	50%
M63/44	Granted	50%
M63/45	Granted	50%
M63/46	Granted	50%
M63/47	Granted	50%

Norseman, Western Australia	Status	Interest %
M63/48	Granted	50%
M63/49	Granted	50%
M63/50	Granted	50%
M63/51	Granted	50%
M63/52	Granted	50%
M63/526	Granted	50%
M63/53	Granted	50%
M63/54	Granted	50%
M63/55	Granted	50%
M63/56	Granted	50%
M63/57	Granted	50%
M63/58	Granted	50%
M63/59	Granted	50%
M63/60	Granted	50%
M63/61	Granted	50%
M63/62	Granted	50%
M63/63	Granted	50%
M63/64	Granted	50%
M63/65	Granted	50%
M63/659	Application	50%
M63/66	Granted	50%
M63/666	Application	50%
M63/668	Application	50%
M63/67	Granted	50%
M63/68	Granted	50%
M63/69	Granted	50%
M63/88	Granted	50%
M63/9	Granted	50%
M63/96	Granted	50%
M63/99	Granted	50%
P63/1391	Granted	50%
P63/1392	Granted	50%
P63/1393	Granted	50%
P63/1779	Granted	50%
P63/2003	Granted	50%
P63/2004	Granted	50%

Norseman, Western Australia	Status	Interest %
P63/2010	Granted	50%
P63/2089	Granted	50%
P63/2138	Granted	50%
P63/2139	Granted	50%
P63/2140	Granted	50%
P63/2141	Granted	50%
P63/2142	Granted	50%

Papua New Guinea	Status	Interest %
EL 2518	Granted	100%
EL 2321	Granted	100%

SECURITY HOLDER INFORMATION

AS AT 25 SEPTEMBER 2019

(a) Top 20 Quoted Shareholders

	Units	%
BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	232,809,003	19.80
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	150,234,684	12.78
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	137,727,881	11.71
TULLA RESOURCES GROUP PTY LIMITED <TULLA RESOURCES INVEST A/C>	100,000,000	8.50
CITICORP NOMINEES PTY LIMITED	56,483,910	4.80
MR RICHARD FARLEIGH	19,384,306	1.65
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	13,562,934	1.15
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	10,000,000	0.85
LIBERTY MANAGEMENT PTY LTD <LIBERTY SUPERANNUATION FUND>	9,995,000	0.85
ALL-STATES FINANCE PTY LTD	9,399,707	0.80
JAMARI PTY LTD <JAMARI P/L STAFF SUPER A/C>	8,500,000	0.72
BRESRIM NOMINEES PTY LTD <DA HANNES SUPER FUND #2 A/C>	7,600,000	0.65
BUNDARRA TRADING COMPANY PTY LTD <THOMAS EMERY KENNEDY A/C>	7,120,000	0.61
BNP PARIBAS NOMINEES PTY LTD <JARVIS A/C NON TREATY DRP>	6,798,498	0.58
DALTONVALE PTY LTD <KROGER PROPERTY INVEST A/C>	6,450,000	0.55
MR SHANE DOUGLAS OXENHAM + MS SALLYANNE LOUISE OXENHAM <S AND S OXENHAM SUPER A/C>	5,999,703	0.51
AMP LIFE LIMITED	5,903,077	0.50
MR SIMON HOWES + MRS SARA HOWES	5,777,777	0.49
ANDREW CASH & CO INVESTMENTS PTY LTD	5,562,163	0.47
SHR PTY LTD	5,550,000	0.47
Total	**804,858,643**	**68.44**

(b) Distribution of quoted ordinary shares

Size of parcel	Number of share holders	Number of shares
1 - 1,000	232	51,217
1,001 - 5,000	629	2,047,085
5,001 - 10,000	500	4,214,210
10,001 - 100,000	1,743	73,089,644
100,001 -	580	1,096,421,964
Total	**3,684**	**1,175,943,929**

(c) Number of holders with less than a marketable parcel of ordinary shares

	Number of share holders	Number of shares
Minimum $ 500.00 parcel at $ 0.195 per unit (2,565 shares).	**343**	**259,278**

(d) Substantial Shareholders

	Units	%
ROBMAR INVESTMENTS PTY LTD	186,335,673	15.85%
TULLA RESOURCES GROUP PTY LTD	100,000,000	11.76%

(e) Voting Rights

The voting rights for each class of security on issue are:

Ordinary fully paid shares

Each ordinary shareholder is entitled to one vote for each share held.

Unquoted Employee/Consultant Options

The holders of options have no rights to vote at a general meeting of the company.

Unquoted Performance Rights

The holders of performance rights have no rights to vote at a general meeting of the company.

(f) Unquoted Equity Securities

Unquoted Employee/ Consultant Options	Exercise Price	Expiry Date	Number of Holders
6,050,000	$0.215	01/12/2019	5
6,050,000	$0.22	01/12/2019	5
950,000	$0.19	23/12/2019	37
950,000	$0.20	23/12/2019	37
3,500,000	$0.24	04/07/2022	3
3,500,000	$0.25	04/07/2022	3
21,000,000			

Unquoted Performance Rights	Exercise Price	Expiry Date	Number of Holders
2,000,000	Nil	01/12/2019	2
2,000,000			

(g) Substantial Holders of Unquoted Securities (Above 20%)

Unquoted employee/consultant options and performance rights are issued under an employee incentive scheme.